

TEXT OF TELEGRAM 81STATE 339069

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ORIGIN EUR-12

INFO OCT-00 ADS-00 INR-10 CIAE-00 EB-08 DODE-00 H-01
NEA-07 NSAE-00 COME-00 HA-06 L-03 LAB-04 PM-09
PA-02 SIL-01 RP-10 AGR-01 ACDA-12 ICAE-00 SP-02
SR-04 SPRS-02 /094 R

DRAFTED BY EUR/SOV/SOEX:JGJATRAS:GH
APPROVED BY EUR/SOV:RECOMBS

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P 232144Z DEC 81 ZEX
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW PRIORITY
INFO CSCE COLLECTIVE PRIORITY

UNCLAS STATE 339069

E.O. 12065: N/A

TAGS: SOPN, UR

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| DEPARTMENT OF STATE 9303488 | | IS/FPC/CDR | SEP 19 1981 |
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SUBJECT: DEPARTMENT PRESS BRIEFING - DECEMBER 22, 1981

FOR YOUR INFORMATION AND GUIDANCE, FOLLOWING ARE RELEVANT
EXCERPTS FROM DEPARTMENT PRESS BRIEFING FOR DECEMBER 22,
1981. SPOKESMAN WAS DEAN FISCHER.

MR. FISCHER: THE SITUATION REPORT ON POLAND: THERE HAVE
BEEN NO MAJOR DEVELOPMENTS OF WHICH WE ARE AWARE IN POLAND.
WE ARE CONTINUING TO FOLLOW EVENTS CLOSELY, AND REMAIN
DEEPLY CONCERNED ABOUT THE WIDESPREAD SUSPENSION OF
CIVIL LIBERTIES, MASS INTERNMENTS, AND THE USE OF VIOLENCE
AGAINST STRIKING WORKERS.

AT A PRESS CONFERENCE IN WARSAW YESTERDAY, SPOKESMAN FOR
THE GOVERNMENT STATED THAT APPROXIMATELY 5,000 POLES HAVE
BEEN DETAINED SINCE THE START OF THE MARTIAL LAW REGIME.
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HE ALSO CLAIMED THAT SOME DETAINEES HAVE ALREADY BEEN
RELEASED. WE CANNOT CONFIRM THE 5,000 FIGURE CITED BY THE
POLISH AUTHORITIES, BUT WE NOTE THAT ESTIMATES OF THE
NUMBER OF POLISH CITIZENS DETAINED HAVE RANGED MUCH HIGHER
THAN THAT.

THE SPOKESMAN ADMITTED THAT STRIKES ARE CONTINUING AMONG

THE COAL MINERS AT THE ZIEMOWIT AND PIAST MINES IN SILESIA,

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WITH APPROXIMATELY 3,000 MINERS SAID TO BE PARTICIPATING. WE UNDERSTAND THAT PRIESTS WERE ABLE TO CONDUCT MASSES AT THE MINES YESTERDAY, AND THAT MINERS FAMILIES HAVE BROUGHT THEM FOOD.

AT THIS GOVERNMENT PRESS CONFERENCE, IT WAS ALSO STATED THAT LECH WALESZA REMAINS UNDER DETENTION IN WARSAW, BUT VISITED ON SUNDAY BY A PRIEST, WHO SAID MASS, AND BY HIS WIFE AND HIS CHILDREN. IT HAS STATED THAT WALESZA WILL BE RELEASED "AS SOON AS THE SITUATION ALLOWS." WE UNDERSTAND THAT WALESZA IS IN GOOD HEALTH.

THE MILITARY COUNCIL WARNED PRIVATE FARMERS ON DECEMBER 21, IN TRYBUNA LUDU, THAT LAGGING FOOD DELIVERIES TO THE STATE MIGHT COMPEL IT TO REINSTITUTE COMPULSORY DELIVERIES. IF THIS WERE CARRIED OUT, IT WOULD MARK AN END TO THE AGRICULTURAL POLICY PURSUED DURING THE PAST YEAR WHICH SOUGHT TO CONVINCE PRIVATE FARMERS THAT THEY WOULD BE A PERMANENT PART OF THE SYSTEM.

ALTHOUGH THE LABOR SITUATION IN POZNAN IS REPORTED TO BE RELATIVELY CALM AND FACTORIES APPEAR TO BE IN OPERATION, FOOD SUPPLIES ARE DECLINING. MILK, BREAD, AND EGGS ARE SCARCE OR UNAVAILABLE, AND LONG FOOD LINES WERE IN
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EVIDENCE.

WARSAW AND KRAKOW WERE QUIET YESTERDAY. IN KRAKOW, THE FOOD SITUATION APPEARS TO BE SOMEWHAT BETTER THAN IN POZNAN. WARSAW APPEARS TO HAVE THE BEST FOOD SITUATION OF THESE THREE CITIES, AS THE AUTHORITIES ARE MAKING AVAILABLE LARGE STOCKS OF MEAT, EGGS, AND CARP, THE FAVORITE FISH FOR CHRISTMAS. OUR EMBASSY REPORTS AN EXCEPTIONALLY GOOD SUPPLY OF MEAT IN THE SHOWCASE "SUPERSAM; MARKET, WITH LONG LINES IN EVIDENCE THERE AND THROUGHOUT WARSAW.

WE HAVE NO RELIABLE INFORMATION ON THE FOOD SITUATION IN OTHER PARTS OF POLAND.

Q. DEAN, COULD WE GET SOME SORT OF ESTIMATE FROM YOU AS TO HOW THE UNITED STATES SEES THE DEGREE OF SUCCESS THAT THE MARTIAL LAW REGIME HAS HAD IN PUTTING DOWN RESISTANCE.

A. BERNIE, THE SITUATION REPORT IS DESIGNED TO PROVIDE YOU WITH WHATEVER INFORMATION WE HAVE AVAILABLE ON POLAND, AND I DON'T HAVE ANY ASSESSMENT I CAN GIVE YOU BEYOND WHAT WAS CONTAINED IN THAT.

Q. DO YOU HAVE ANY INFORMATION ABOUT REPORTS OF THE CHURCH NEGOTIATING WITH THE AUTHORITIES ON RELEASING PRISONERS AND OTHER THINGS?

A. I THOUGHT WE ADDRESSED THAT YESTERDAY, BUT I DON'T HAVE ANY INFORMATION BEYOND THAT.

Q. WHEN IS EAGLEBURGER COMING HOME?

A. LATER THIS WEEK.

Q. YOU DON'T HAVE ANYTHING ON HIS VISIT, DO YOU?

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A. I CAN GIVE YOU SOME GENERAL INFORMATION ABOUT HIS VISIT, YES. MY LATEST INFORMATION IN THAT HE HAS ALREADY BEEN IN ROME, BONN, AND BRUSSELS. DEPENDING ON WEATHER CONDITIONS, HE ALSO MAY BE VISITING LONDON AND PARIS.

AS WE HAVE ALREADY INDICATED, THERE IS A REGULARLY SCHEDULED WEEKLY NORTH ATLANTIC COUNCIL MEETING IN BRUSSELS TOMORROW. OBVIOUSLY, POLAND WILL BE ON THE AGENDA OF THIS MEETING; AND TO REITERATE, ASSISTANT SECRETARY EAGLEBURGER WILL NOT BE ATTENDING THAT MEETING. WE WILL BE REPRESENTED BY AMBASSADOR W. TAPLEY BENNETT, OUR PERMANENT REPRESENTATIVE TO THE NATO COUNCIL.

Q. DO YOU KNOW WHAT THEY WILL BE CONSIDERING ON POLAND?

A. JUST THE OVERALL SITUATION THERE AND OUR APPROACH TO IT.

Q. FOR EXAMPLE, THERE ARE A NUMBER OF DRAFTS THAT HAVE BEEN PUT FORWARD FOR POSSIBLE NATO SANCTIONS IN THE EVENT OF A SOVIET INVASION OR SOVIET USE OF FORCE.

A. I'VE SEEN A LOT OF SPECULATION ON THAT, YES.

Q. IS THAT NOW AN ACTIVE AIM, OF THE UNITED STATES AT LEAST, TO COME UP WITH A CONTINGENCY PLAN WHICH DOES NOT NOW ACTUALLY EXIST FROM WHAT I UNDERSTAND?

A. I DON'T WANT TO COMMENT ON THE SPECIFICS THAT WE MAY BE CONSIDERING.

Q. MR. ROSTOW TODAY ON TELEVISION WAS REPORTED TO HAVE SAID THAT ONE OF THE OPTIONS UNDER CONSIDERATION IS
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BREAKING OFF THE INF TALKS IN GENEVA. WAS HE SPEAKING FOR THE ADMINISTRATION IN SAYING THAT?

A. I SAW THAT REPORT, BERNIE. I'LL HAVE TO REFER YOU TO ACDA FOR COMMENT ON THAT.

Q. BUT YOU'RE NOT DISPUTING IT?

A. I HAVE TO REFER YOU TO ACDA FOR COMMENT ON THAT.

Q. IT'S HIS COMMENT, SO --

A. I KNOW IT'S HIS COMMENT. THAT'S WHY I'M REFERRING YOU TO ACDA.

Q. IF THE ALLIES DON'T GO AHEAD OR JOIN WITH US IN ANY SANCTIONS, WILL WE ALONE?

A. AGAIN, I CANNOT GET OUT AHEAD OF WHAT THE SECRETARY SOMETIMES CALLS THE "POWER CURVE" ON THIS. UNTIL DECISIONS ARE MADE, I'M NOT PREPARED TO SPECULATE ABOUT WHAT ELEMENTS MIGHT BE CONTAINED IN THEM.

Q. DEAN, CAN YOU EXPLAIN THIS? WE WERE TOLD ALL ALONG BY PEOPLE HERE AND BY EUROPEANS THAT UNLIKE IN PREVIOUS CRISES, WE HAD DONE ALL THIS CONSULTATION, AND WE WERE REALLY READY FOR THIS THING -- WHEN THE POLISH THING HAPPENED, WE WERE ALL READY. WHAT HAPPENED TO THAT?

A. WHAT DO YOU MEAN?

Q. DO YOU MEAN WE WERE ONLY READY FOR A SOVIET INVASION AND NOT THIS KIND OF THING?

A. AS YOU ARE ALL AWARE, ALMOST EVERY DAY NOW FOR MORE THAN A WEEK, THERE HAS BEEN A SECURITY COUNCIL MEETING AT UNCLASSIFIED UNCLASSIFIED

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THE WHITE HOUSE. THE DISCUSSIONS ARE CONTINUING. I THINK IT ONLY PRUDENT TO AWAIT THE PRESIDENT'S DECISION AND NOT TO SPECULATE IN ADVANCE ABOUT WHAT THAT MIGHT BE.

Q. WAS IT EAGLEBURGER'S MISSION TO TRY TO COORDINATE A STRATEGY AMONG THE ALLIES?

A. ASSISTANT SECRETARY EAGLEBURGER'S MISSION IS, AS WE INDICATED, TO CONSULT WITH OUR ALLIES REGARDING THE SITUATION IN POLAND.

Q. DO YOU NOW EXPECT A PRESIDENTIAL DECISION IN TERMS OF SOME KIND OF ACTION IN THE NEXT SEVERAL DAYS?

A. I CAN'T SPEAK FOR THE PRESIDENT ON WHEN HE WILL MAKE

ANY DECISIONS.

Q. YOU JUST SAID IT IS ONLY PRUDENT TO AWAIT THE PRESIDENT'S DECISION.

A. I DID.

Q. THAT ASSUMES THERE WILL BE A DECISION MADE TO DO SOMETHING. IS THAT AN INACCURATE ASSUMPTION?

A. OBVIOUSLY, THESE MEETINGS ARE BEING HELD FOR A PURPOSE; BUT I'M NOT GOING TO SPECULATE ABOUT THE TYPE OF DECISION NOR THE TIMING OF THE DECISION THAT THE PRESIDENT MIGHT MAKE.

Q. DEAN, WOULD YOU EXPECT THAT IT WOULD WAIT FOR ASSISTANT SECRETARY EAGLEBURGER'S RETURN?

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A. ASSISTANT SECRETARY EAGLEBURGER IS REPORTING BACK TO THE CAPITOL, SO I WOULDN'T PIN ANY POSSIBLE OR POTENTIAL DECISION THE PRESIDENT MIGHT MAKE UPON HIS ARRIVAL BACK IN WASHINGTON.

Q. YOU WOULD NOT?

A. NO, I WOULD NOT BECAUSE HE IS REPORTING REGULARLY THROUGH OUR ESTABLISHED CHANNELS.

Q. IS ASSISTANT SECRETARY HORMATS PART OF THIS DELEGATION?

A. NO, I DON'T BELIEVE SO, BUT LET US CHECK THAT TO BE SURE.

Q. IS HE RUNNING ANOTHER DELEGATION THROUGH EUROPE, HORMATS?

A. I'LL HAVE TO CHECK THAT.

Q. IN YOUR SITUATION REPORT, DEAN, DID YOU HAVE ANY INFORMATION THAT SOME UNITS OF THE POLISH ARMY WERE REFUSING TO CARRY OUT ORDERS?

A. I DID NOT.

Q. HAVE YOU SEEN ANY REPORTS TO THAT EFFECT?

A. I'VE SEEN REPORTS. I HAVE NO CONFIRMATION OF IT.

Q. DEAN, CAN I TRY ONCE AGAIN ON THE ALLIES? I'M

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GENUINELY CONFUSED, HAVING BEEN TOLD BY PEOPLE IN EUROPE
AND PEOPLE HERE THAT THERE HAD BEEN ALL KINDS OF CONSULTA-
TIONS ON WHAT TO DO IN THE EVENT OF A PROBLEM IN POLAND,
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AND THAT EVERYBODY WAS IN AGREEMENT, THAT WE HAD A SET OF
ACTIONS WORKED OUT. SO ARE THE EUROPEANS BALKING AND
THAT'S WHY EAGLEBURGER HAS GONE, OR DID WE PLAN FOR THE
WRONG CONTINGENCY, OR WHAT HAPPENED TO THOSE PLANS?

A. KAREN, I'M NOT JUST GOING TO CHARACTERIZE THE
MEETINGS BEYOND THE WAY IN WHICH I HAVE.

Q. WHILE YOU CHECK ON HORMAT'S WHEREABOUTS, CAN YOU
TELL US WHERE BUCKLEY IS?

A. HE WAS UPSTAIRS THIS MORNING. (LAUGHTER)

Q. SO HE'S HERE.

Q. DEAN, COULD YOU ELABORATE IN ANY WAY ON THE REMARKS
ATTRIBUTED TO SECRETARY HAIG YESTERDAY BY SOME OF THE
CATHOLIC LEADERS THAT FOOD RELIEF AND HUMANITARIAN AID
SHOULD CONTINUE SO LONG AS THEY DO NOT FALL INTO
"THE WRONG HANDS?"

A. NO, I DON'T HAVE ANYTHING I CAN ADD TO WHAT THE
SECRETARY SAID ON THAT YESTERDAY. I THINK HIS POINT
WAS, AS YOU LIKED IT IN YOUR OWN QUESTION, FOOD AND
HUMANITARIAN AID WILL CONTINUE IN PRIVATE CHANNELS. I
CAN'T GO BEYOND THAT.

Q. THIS IS FOOD WHICH IS, TO A CONSIDERABLE DEGREE,
ACTUALLY EMANATING FROM THE U.S. GOVERNMENT CREDITS AND
GOVERNMENT FOOD.

A. I UNDERSTAND THAT, BUT I CAN'T PROVIDE ANY FURTHER
ELABORATION ON WHAT THE SECRETARY SAID.
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Q. COULD I JUST PICK UP DON'S QUESTION HERE? WE
WERE TOLD THAT THERE WERE ABOUT 30-35 MILLION, VARYING
FIGURES OF WHAT WAS IN THE PIPELINE, HUMANITARIAN AND
FOOD.

ARE YOU NOW MAKING REFERENCE TO AMOUNTS BEYOND THAT?

A. NO. I'M NOT.

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Q. YOU'RE DEALING ONLY WITHIN THAT NUMBER AND WHAT IS
IN THE PIPELINE?

A. AS OF NOW THAT IS CORRECT.

Q. WHEN IT COMES TO PRIVATE DONATIONS, WE'VE BEEN TOLD
THAT 17 MILLION POUNDS HAS BEEN DELIVERED. DO WE HAVE
ANY INDICATION THAT THIS FOOD IS GETTING TO THE RIGHT
PLACE? DO YOU HAVE ANY INFORMATION ON THAT?

A. NO, I DON'T HAVE ANY INFORMATION I CAN GIVE YOU
TODAY. WE CERTAINLY HOPE SO. BEYOND THAT, I CAN'T
CONFIRM IT.

Q. HAS THERE BEEN ANY CHANGE IN THE U.S. OBSERVATION
OF THE ACTIVITY, OR LACK THEREOF, OF SOVIET TROOPS IN
POLAND SINCE THE EARLY DAYS?

A. SOVIET TROOPS IN POLAND?

Q. IN POLAND OR AROUND POLAND, OR THROUGH POLAND, IN
ANY CONNECTION WITH POLAND.

A. WE HAVE CONSISTENTLY STATED -- AND IT REMAINS TRUE
TODAY -- THAT WE HAVE NOTED NO UNUSUAL SOVIET MILITARY
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ACTIVITY IN ASSOCIATION WITH THE CRISIS IN POLAND.

Q. HOW ABOUT WARSAW PACT DISTRIBUTION OF ARMS, OF
BULLETS, OF SUPPLIES, ANYTHING LIKE THAT? DO YOU HAVE
ANY OBSERVATIONS ALONG THOSE LINES?

A. NO, I DON'T HAVE ANY INFORMATION ON THAT.

Q. DEAN, ON THAT SUBJECT, DID YOU EVER GET AN ANSWER
TO THAT QUESTION ABOUT WHETHER THERE HAD BEEN ANY
KIND OF SOVIET NOTIFICATION OF MANEUVERS OR ABSENCE OF
MANEUVERS PRIOR TO THE MARTIAL LAW CRACKDOWN?

A. THE ANSWER IS, AS I INDICATED YESTERDAY, WE RECEIVED
NONE.

Q. DEAN, YESTERDAY -- IF MY MEMORY IS RIGHT -- THE SE-
CRETARY, IN HIS CHRISTMAS GREETINGS, USED THE PHRASE "WITH
THE ENCOURAGEMENT FROM OUTSIDE." I THINK HE USED THOSE
WORDS "ENCOURAGEMENT FROM OUTSIDE." CAN YOU AMPLIFY
THAT?

A. NO.

Q. WHAT IS THAT BASED ON?

A. IT IS BASED ON HIS ASSESSMENT OF THE SITUATION.

Q. COULD YOU IN ANY WAY DOCUMENT IT?

A. NO, NO. I CAN'T GO BEYOND WHAT HE SAID.

Q. DEAN, CAN YOU SHED ANY LIGHT OF MIKE WALLACE'S
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REPORT OR CONFIRM ANY PART OF THAT LAST NIGHT ON CBS
THAT THE RUSSIAN AMBASSADOR TOOK AN OFFER TO THE PRIME
MINISTER OF IRAN OFFERING A SECURITY PACT AND THAT
KHOMEINI HAS BEEN URGED TO ACCEPT THIS -- AND ON AND ON
AND ON -- ABOUT RUSSIAN-IRANIAN CONNECTIONS?

A. NO, I DON'T HAVE ANY INFORMATION ON THAT.

Q. COULD YOU TAKE A QUESTION AND TRY TO FIND OUT IF WE
KNOW WHAT OUR OWN INTELLIGENCE IS?

A. IF THE SOVIET HAVE OFFERED A SECURITY PACT TO IRAN?

Q. YES. WHAT OUR OWN INTELLIGENCE IS ON THAT.

A. YES, I'LL BE GLAD TO LOOK INTO THAT.

Q. DEAN, IN LIGHT OF THE REQUEST BY THE POLISH AMBASSA-
DOR FOR ASYLUM HERE, IS IT THE U.S. GOVERNMENT POLICY
TO ASSUME THAT REFUGEES FROM POLAND ARE POLITICAL REFUGEES
OR IS IT GOING TO BE HANDLED ON A CASE-BY-CASE BASIS?

A. THE ONLY THING I CAN SAY IS THAT WE CANNOT COMMENT
ON INDIVIDUAL ASYLUM CASES BECAUSE THE PRIVACY AND
SECURITY OF THE INDIVIDUAL INVOLVED MUST BE RESPECTED;
AND, THEREFORE, OUR POLICY IS TO UPHOLD THE PRINCIPLE
OF CONFIDENTIALITY IN ALL SUCH CASES.

I JUST CAN'T SAY ANYTHING BEYOND THAT.

Q. BUT IF PEOPLE WHO ARE REFUGEES FROM HAITI ARE
PRESUMED TO BE ECONOMIC REFUGEES, MY QUESTION IS, ARE
PEOPLE WHO ARE REFUGEES FROM POLAND PRESUMED TO BE POLI-
TICAL REFUGEES?

A. I DON'T KNOW THE ANSWER TO THAT. IN THE CASE OF
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THE POLISH AMBASSADOR, HE SOUGHT AND WAS GRANTED ASYLUM. I DO NOT KNOW MYSELF WHAT THE DISTINCTION IS LEGALLY BETWEEN ONE WHO SEEKS ASYLUM, ONE WHOM YOU DESCRIBE AS A REFUGEE OR, EVEN MORE NARROWLY DEFINED, A POLITICAL REFUGEE.

Q. DO YOU THINK THAT YOU COULD TAKE A QUESTION TO FIND OUT WHAT THE STATUS OF ANY WOULD-BE REFUGEES FROM POLAND WOULD BE IF THEY SEEK ENTRY INTO THE UNITED STATES?

A. I THINK WE CAN PROVIDE YOU WITH THE DEFINITIONS OF THE TERMS, YES..

Q. I KNOW WHAT THE DEFINITIONS ARE, BUT THERE ARE COUNTRIES THAT FALL UNDER ONE CATEGORY OR ANOTHER.

A. ALL RIGHT, FINE.

Q. LOOK, COULD WE ADD TO THAT, DEAN, PLEASE, BEYOND STATUS? WHAT IS OUR POLICY TOWARD POLES WHO SAY, FOR EXAMPLE, ARE IN VIENNA AND WANT TO COME TO THE UNITED STATES, GIVEN THE SITUATION IN POLAND? WILL THEY BE ALLOWED TO COME HERE?

A. I'LL HAVE TO TAKE THE QUESTION. I DON'T KNOW THE ANSWER.

Q. YES. PARTICULARLY SINCE THERE'S BEEN SOME TOUGHENING-UP, I THINK, OF THE RESTRICTIONS WITH REGARD TO THOSE REFUGEES.

A. YES.
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ALL RIGHT. MR. HORMATS IS ACCOMPANYING ASSISTANT SECRETARY EAGLEBURGER IN HIS CONSULTATIONS.

Q. ON THE REFUGEE QUESTION, WOULD YOU MIND ALSO ADDING TO THAT THE QUESTION OF WHAT THE GOVERNMENT'S POLICY IS GOING TO BE WITH REGARD TO POLES WHO ARE IN THIS COUNTRY ON VISAS WHICH ARE RUNNING OUT OR THAT SORT OF THING? WHAT POSITION IS THE GOVERNMENT GOING TO TAKE IF THEY WISH TO REMAIN BUT ARE NOT ASKING FOR POLITICAL ASYLUM AS SUCH?

I JUST THINK THIS WHOLE BUSINESS ABOUT HOW THE UNITED STATES GOVERNMENT IS GOING TO HANDLE POLISH CITIZENS IS SOMETHING THAT OUGHT TO BE EXPLAINED TO US.

A. I'LL BE HAPPY TO LOOK INTO THAT, SURE.

Q. HAVE YOU HAD ANY OTHER CONTACT WITH OTHER POLISH AND DIPLOMATIC OFFICIALS, EITHER HERE OR IN NEW YORK, WHO HAVE SIMILARLY EXPLORED POLITICAL ASYLUM?

A. I JUST HAVE NO COMMENT TO MAKE ON THAT.

Q. DEAN, DO YOU HAVE ANYTHING ON BREZHNEV'S REMARKS -- THAT IS, THE ANXIETY ABOUT SLIPPING TOWARD A NUCLEAR WAR?

A. I DON'T HAVE ANY SPECIFIC COMMENT ON THAT, NO.

Q. ANYTHING AT ALL ON ANYTHING THAT BREZHNEV SAID?

A. ANYTHING RELATED TO THE BREZHNEV INTERVIEW?

Q. YES.

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A. IN GENERAL TERMS, SIMPLY THAT WE NOTE THAT HE REPEATED A NUMBER OF STANDARD THEMES IN SOVIET PROPAGANDA AND CHOSE TO COMPLETELY IGNORE THE SITUATION IN POLAND. AS TO HIS RESPONSES TO QUESTIONS ABOUT A POSSIBLE SUMMIT MEETING, WE AGREE WITH HIM THAT ADEQUATE PREPARATION WOULD BE ESSENTIAL BEFORE SUCH A MEETING SHOULD BE HELD.

Q. WHAT IS THE DEPARTMENT'S POSITION ABOUT CONTINUING THE INF TALKS AT THIS TIME?

A. WELL, I DON'T HAVE ANY COMMENT OTHER THAN TO NOTE THAT THEY HAVE BEGUN, THAT THEY ARE PRESENTLY IN RECESS AND WE ANTICIPATE THAT THEY WILL RESUME. HAIG

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ACTION NEA-16

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PRS-01 SP-03 SS-20 USIA-15 ACDA-19 OMB-01 CIEP-03

SAM-01 DRC-01 /157 W

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INFO AMCONSUL ADANA

AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMEMBASSY MOSCOW

AMEMBASSY TEHRAN

~~SECRET~~ BAGHDAD 0631

TEHRAN PASS TABRIZ

EO 11652: ~~GDS~~

TAGS: PINS, IR, IZ

SUBJECT: KURDISH WAR IN IRAQ

REF: TABRIZ 020

1. WISH TO MAKE FOLLOWING COMMENTS ON EXCELLENT TABRIZ REFTEL WHICH IS BY FAR MOST COMPLETE ACCOUNT I HAVE SEEN OF IRAQI AUGUST OFFENSIVE AGAINST KURDS.

2. INFORMATION FROM MILITARY ATTACHES HERE AGREES THAT VIRTUALLY ENTIRE IRAQI ARMY, WITH EXCEPTION OF TWO BRIGADES IN BAGHDAD AND TWO IN BASRA, IS ENGAGED IN KURDISH OFFENSIVE IN ATTEMPT TO FINISH OFF BARZANI BEFORE WINTER. THERE ARE, HOWEVER, PERSISTENT REPORTS THAT KURDS HAVE ALREADY RETAKEN QALA DEZEH, ARE THREATENING RAWANDUZ AND THAT OFFENSIVE HAS GROUND TO HALT. MOST POTENTIALLY DANGEROUS NEW

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INFORMATION IS UNCONFIRMED REPORT THAT IRANIAN ARMY
UNITS MOVED UP TO BORDER IN QALA DEZEH AREA AND GAVE
HEAVY FIRE POWER SUPPORT TO KURDS WITH 175 MM ARTILLERY.

3. USUALLY WELL INFORMED INDIAN INTELLIGENCE OFFICER
BELIEVES TU-22S ARE NOT NOW BEING USED EXTENSIVELY
SINCE IRAQI CREWS ARE BEING TRAINED ON THEM BY RUSSIANS
AT HABBANIYAH. IRAQI ARMOR BEING UTILIZED INCLUDES NOT
JUST T-55S BUT NEWER SOVIET T-62 TANKS. INDIANS ALSO
SAY THEY HAVE JUST SIGNED CONTRACT TO FILL URGENT ORDER
FROM IRAQI ARMY FOR GALOSHES AND WINTER GEAR SUFFICIENT
FOR 150,000 MEN. IRAQIS READY TO SENT SPECIAL SHIP TO
TRANSPORT EQUIPMENT. QUANTITIES ORDERED GIVE CREDENCE TO REPORT
THAT GOI MAKING INCREASED USE OF SOUTHER TRIBES AS PARAMILITARY
FORCE.

4. REGIME APPEARS TO BE INCREASINGLY NERVOUS ABOUT POSSIBLE
KURDISH REPRISALS IN BAGHDAD. ROAD PAST MAIN WATERWORKS HAS
BEEN BLOCKED OFF AND GUARDS HAVE BEEN PLACED ON NEW POINTS,
INCLUDING APARTMENT BUILDINGS OCCUPIED BY RUSSIAN
TECHNICIANS AND THEIR FAMILIES. AMERICAN BUSINESSMEN WHO
DROVE TO KIRKUK SEPT 16 NOTED UNUSUALLY HEAVY TROOP CONCEN-
TRATIONS ALONG MAIN ROAD AND REINFORCEMENT OF TROOPS AROUND
OIL INSTALLATIONS.

5. COMMENT: CONCLUSION OF MOST OBSERVERS HERE IS THAT
OFFENSIVE IS UNLIKELY TO ACCOMPLISH PURPOSE BEFORE WINTER:
FIGHTING WILL SLOW DOWN AND IRAQIS WILL HAVE TO WITHDRAW
FROM FORWARD POSITIONS AS THEY DID AFTER OFFENSIVES IN
1960S; AND OFFENSIVE WILL BE RENEWED NEXT SPRING. DURING
WINTER, MAIN IRAQI AIM EXPECTED TO BE TO MAKE THINGS AS DIFFICULT
AS POSSIBLE FOR BARZANI, ATTEMPT TO INTERDICT SUPPLIES
AND HEAVY ARMS FROM COMING IN FROM IRAN, AND TRY TO PUT SOME
LIFE INTO HERETOFORE MORIBUND ANTI-BARZANI KURDISH FORCE.
I CAN OBTAIN NO CONFIRMATION OF BEIRUT PRESS REPORTS THAT
NEGOTIATIONS HAVE REOPENED BETWEEN GOI AND BARZANI.

6. IF REPORT OF USE OF IRANIAN ARTILLERY IS TRUE IT WOULD SEEM TO
REPRESENT MAJOR ESCALATION OF IRANIAN SUPPORT FOR KURDS
AND INCREASE LIKLYHOOD OF MAJOR BORDER FIGHTING.

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OF MALATYA, ISPARTA, AND NEVSEHIR, WHO HAD LEFT THE
RULING CORRECT WAY PARTY (DYP) AND THE MAIN OPPOSITION
MOTHERLAND PARTY (ANAP) TO JOIN RP. (NOTE: THE SYMBOLIC
IMPORTANCE OF THESE DEFECTIONS IS THAT ISPARTA IS THE
HOME CITY OF PRESIDENT SULEYMAN DEMIREL, WHILE MALATYA
WAS THE HOMETOWN OF DECEASED FORMER PRESIDENT OZAL.)
FLANKED BY THE MAYORS, ERBAKAN THEN DELIVERED A TWO-HOUR
SPEECH THAT WAS MAINLY VINTAGE REFAH PARTY RHETORIC:

-- AS EXPECTED, HE PORTRAYED THE PARTY AS GROWING
STRONGER (THE CONVENTION'S SLOGAN WAS "NOW THE TIME HAS
COME!"). THE PARTY'S GOAL, HE SAID, WAS TO GROW FROM
ITS PRESENT ALLEGED 1.6 MILLION MEMBERSHIP TO 2.5
MILLION OVER THE NEXT YEAR

-- HE PREDICTED VICTORY IN THE 1994 LOCAL ELECTIONS,
INCLUDING IN ALL MAJOR CITIES, AND CONFIDENTLY ASSERTED
THAT RP WOULD FORCE EARLY ELECTIONS BY OCTOBER 1994 AND
THEREAFTER BECOME THE GOVERNING PARTY. THERE WERE

RHETORICAL ASSERTIONS THAT REFAH WAS NOW BEGINNING THE
PROCESS OF COMING TO POWER.

-- LISTING TURKEY'S ECONOMIC WOES, ERBAKAN BLAMED ALL
THE COUNTRY'S PROBLEMS ON CURRENT AND PAST GOVERNMENTS.
HE SCORED CORRUPTION AND MALDISTRIBUTION OF INCOME,
ASSERTING THAT THE MAINSTREAM PARTIES ARE ALL THE SAME
AND CANNOT SOLVE TURKEY'S PROBLEMS. HE ALSO STATED THAT
TURKEY COULD NOT SOLVE ITS PROBLEMS BY EMULATING WESTERN
COUNTRIES, BUT MUST SOLVE THEM IN ITS OWN WAY.

-- HE BLAMED THE GOVERNMENT FOR FAILING TO SOLVE THE
TERRORISM PROBLEM AND FOR ALIENATING THE PEOPLE OF THE
SOUTHEAST BECAUSE GOVERNMENT FORCES DID NOT CAREFULLY
DISCRIMINATE BETWEEN THE "INNOCENT AND THE GUILTY".

-- ERBAKAN REASSURED HIS WIDER AUDIENCE THAT RP IS NOT A
BOGEYMAN. HE SAID, FOR EXAMPLE, THAT RP DOES NOT AIM TO
CREATE AN ISLAMIC REPUBLIC A LA IRAN OR THAT IT OPPOSES
LAICISM; HE DENIED SPECIFICALLY THAT THE MILITARY WOULD
INTERVENE IF REFAH EVER CAME TO POWER.

-- ON FOREIGN POLICY, HE SAID THE PROVIDE COMFORT FORCE
MUST LEAVE, THE EMBARGO ON IRAQ SHOULD BE REMOVED, AND
TURKISH TROOPS SHOULD BE WITHDRAWN FROM SOMALIA.

-- ERBAKAN ENDED HIS SPEECH WITH A RHETORICAL PLEDGE TO
"LIBERATE PALESTINE AND JERUSALEM", AS WELL AS CYPRUS,
BOSNIA AND AZERBAIJAN.

SOME NEW RHETORIC

8. AMONG ERBAKAN'S MORE INTERESTING STATEMENTS WERE THE

FOLLOWING ASSERTIONS:

-- HE FAVORED ALLOWING KURDS TO SPEAK KURDISH FREELY, BE
EDUCATED IN KURDISH, AND BROADCAST IN KURDISH. HE
EMPHASIZED, HOWEVER, HIS OPPOSITION TO A KURDISH STATE
OR AUTONOMOUS AREA. ACCORDING TO ERBAKAN, PAST TURKISH
GOVERNMENTS DID NOT ALLOW THE KURDISH PROBLEM TO BE
DEBATED OPENLY; THE STATE HAD ALLOWED DIVISIONS TO
EMERGE BETWEEN TURK AND KURD. THE PROBLEM COULD ONLY BE
SOLVED WITHIN AN ISLAMIC CONTEXT, WHICH WOULD GUARANTEE
FAIR TREATMENT TO ALL. HE NOTED THAT KURDS ARE AMONG

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THE TURKISH CITIZENS WHO ARE MOST LOYAL TO ISLAM.

-- THE EMERGENCY SITUATION IN THE SOUTHEAST SHOULD BE
LIFTED. THE PROBLEM OF TERROR IS EXTERNAL, WHILE THE
PROBLEMS OF THE KURDS AND OF THE SOUTHEAST ARE INTERNAL.

-- LOCAL ADMINISTRATIONS SHOULD BE GIVEN MORE POWER; THE
COUNTRY CAN NO LONGER BE RUN SOLELY FROM ANKARA; AND

-- IN WELCOMING ALL TO JOIN REFAH, HE INCLUDED ALEVIS.

ATMOSPHERE

9. IN RESPONSE TO AN INVITATION TO THE AMBASSADOR,

POLOFF AND FSN ATTENDED THE OPENING SESSION OF THE
CONVENTION TO HEAR ERBAKAN'S SPEECH. THE HALL WAS FULL
AND THE CROWD ENTHUSIASTIC. ENTRY TO THE HALL WAS
DIFFICULT BECAUSE CROWD CONTROL WAS POOR (PARTY
CELEBRITIES WERE MOBBED AT THE PROTOCOL ENTRANCE.) THE
AUDIENCE WAS MOSTLY LOWER MIDDLE CLASS PEOPLE, IN
CONTRAST TO THE MORE MIDDLE CLASS APPEARANCE OF OTHER
PARTY CONVENTIONS. ABOUT ONE QUARTER OF THE AUDIENCE
WERE WOMEN, WHO SAT SEPARATELY AT ONE END OF THE HALL.
THE WOMEN ALL WORE LONG ISLAMIC DRESSES AND HEAD
SCARVES. THE ONLY WOMEN IN MODERN DRESS THAT WE
OBSERVED WERE THE FEW SEATED IN THE DIPLOMATIC SECTION
AND WOMEN TECHNICIANS AMONG THE JOURNALISTS ON THE
FLOOR. PRESS REPORTS ALSO REFERRED TO ONE REFAH
MUNICIPAL COUNCIL MEMBER FROM ISTANBUL ATTENDING WHO
DRESSES IN WESTERN FASHION. WOMEN USHERS AT THE
CONVENTION WORE BLACK ROBES AND HEADSCARVES.

10. SLOGANS HUNG FROM THE RAFTERS EXPRESSED THE
CONVENTION'S THEMES: "REFAH POWER, WORK, BREAD, FREEDOM
FOR ALL"; "60 MILLION BROTHERS"; "MARCH 27, 1994, A NEW
WORLD"; "BOSNIA, AZERBAIJAN, CYPRUS-RP IS WAITING".
OTHER SLOGANS EXPRESSED THE IDEA THAT REFAH WOULD BE
COMING TO POWER. UNLIKE OTHER TURKISH PARTY
CONVENTIONS, THERE WERE NO PICTURES OF THE PARTY
CHAIRMAN OR OTHER PARTY MEMBERS

PARTICIPANTS

11. BASED ON WHAT POLOFF AND FSN HEARD AND SUBSEQUENT
PRESS ACCOUNTS, THE FOREIGN PARTICIPANTS (OUTSIDE OF
LOCALLY-BASED DIPLOMATS) INCLUDED A DELEGATION FROM
BOSNIA, A PALESTINIAN HAMAS REPRESENTATIVE IDENTIFIED AS
HALIT ESEL, THE FRENCH ISLAMIST ROGER GARAUDY, THE
BRITISH ISLAMIC PARTY CHAIRMAN MUSA DAVUT, AND
DELEGATIONS FROM MALAYSIA AND AZERBAIJAN. NO OTHER
FOREIGN DELEGATIONS WERE MENTIONED BY THE PRESS.

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14. SINCE 1984, REFAH HAS CONTINUED TO INCREASE ITS
VOTE PERCENTAGE IN LOCAL ELECTIONS. IT ALSO ELECTED 18
DEPUTIES TO PARLIAMENT IN 1991.

END COMMENT.

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MODIS DECAPTIONED

E.O. 12065: RDS-1 07/09/2001 (BURNS, ARTHUR F.) OR-M
TAGS: PINT, GE
SUBJECT: AMBASSADOR BURNS' CALL ON WILLY BRANDT

1. ENTIRE TEXT.)

2. SUMMARY. I CALLED ON WILLY BRANDT, THURSDAY, JULY 9. HE OFFERED SOME INTERESTING AND PERCEPTIVE COMMENTS ON BREZHNEV'S STATUS AND THE NATURE OF THE SOVIET LEADERSHIP. HE EXPRESSED THE VIEW THAT THE SOVIETS WERE NOT PLANNING TO TAKE ANY IMMEDIATE ACTION IN POLAND (PARAGRAPH 10). ON AFGHANISTAN, THE SOVIETS OUTLINED CONDITIONS FOR A TROOP WITHDRAWAL, WHICH BRANDT INTERPRETED AS SIGNS OF A SOFTENING IN THEIR POSITION (PARAGRAPHS 12 AND 13). ON TRY, BRANDT DESCRIBED WHAT HE CALLED A "SLIGHTLY CHANGED MORATORIUM PROPOSAL" (PARAGRAPH 16). HE EXPRESSED GREAT RETICENCE WHEN I ASKED HIM WHETHER HE HAD THE IMPRESSION THAT ANYTHING OF REAL SIGNIFICANCE HAD EMERGED IN THE COURSE OF HIS MOSCOW VISIT, BUT HE NOTED THAT THE SOVIETS HAVE STILL TO PROVIDE INTERPRETATIONS THAT THEY PROMISED WITHIN THE WEEK. MY OVERALL IMPRESSION OF THE MAN AND HIS POLITICAL

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3. I TOLD BRANDT I WAS DELIGHTED TO BE IN HIS COUNTRY, AND NOTED THAT I HAD RECENTLY VISITED HIS FAVORITE CITY OF BERLIN; IT REMAINED A BEAUTIFUL PLACE. BRANDT AGREED, BUT SAID THERE WERE PROBLEMS WITH YOUNG PEOPLE AND FOREIGNERS, ESPECIALLY TURKS. INTEGRATION WAS PROVIDING DIFFICULTIES DUE TO TURKISH CULTURE AND RELIGIOUS BACKGROUND. I SAID I UNDERSTOOD ONE GROUP WAS IN FAVOR OF THE PRESENT TURKISH GOVERNMENT AND ANOTHER WAS OPPOSED, AND THAT THEY WERE FIGHTING IT OUT ON GERMAN SOIL. TURNING TO THE SITUATION IN GREAT BRITAIN, I SAID I WAS TERRIBLY DISTURBED OVER EVENTS THERE. HE IN THE U.S. HAD HAD SIMILAR PROBLEMS IN THE LATE 1960'S AND EARLY 1970'S. HE HAD OVERCOME THEM AND HOPED THEY WOULD NOT RETURN. IN SPITE OF THE EXAGGERATIONS OF RHETORIC, HE NOW HAD SOCIAL EQUALITY. BRANDT AGREED.

4. I EXPLAINED THAT I WAS ABOUT TO RETURN TO WASHINGTON. I HAD BECOME AN AMBASSADOR VERY SUDDENLY. IT WAS NOT THE KIND OF CAREER I HAD ANTICIPATED. I NOW HAD TO PUT MY PERSONAL AND PROFESSIONAL AFFAIRS IN ORDER AND COMPLETE SOME WRITING. I NOTED THAT MY GOVERNMENT WAS VERY INTERESTED IN A FIRSTHAND REPORT ON BRANDT'S RECENT VISIT TO MOSCOW. THERE WERE ALL KINDS OF REPORTS IN THE PRESS, BUT PRESIDENT REAGAN AND SECRETARY HAIG WOULD LIKE THE INFORMATION DIRECTLY FROM BRANDT. IT WOULD GIVE ME PLEASURE TO PASS IT ALONG, WHEN I RETURN TO WASHINGTON. I ADDED THAT IT ALSO GAVE ME PLEASURE TO MEET BRANDT.

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I HAD BEEN ONE OF BRANDT'S ADMIRERS OVER THE PAST YEARS. HE HAD PLAYED AN HISTORIC ROLE IN BERLIN. I TOLD HIM HE HAD MANY FRIENDS IN HIS COUNTRY. BRANDT RESPONDED THAT HE HAD VISITED THE U.S. MORE OFTEN THAN THE SOVIET UNION. I ASKED HIM HIS IMPRESSIONS OF MOSCOW ON HIS LAST TRIP. HE SAID HE SAW A GOOD DEAL OF HOUSING CONSTRUCTION. HE HAD SPOKE WITH THE CITY'S MAYOR; THERE WAS SOME PLANNING TO INCREASE THE POPULATION INFLUX. ONLY THAT WAS NOT YET DECIDED.

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TO THE CONSTANT NEED FOR WORKERS, MARRIAGES WITH PEOPLE FROM THE COUNTRYSIDE, AND THE LIKE. MOSCOW'S POPULATION, BRANDT SAID, HAS NOW REACHED EIGHT MILLION.

5. I TOLD BRANDT I HAD VISITED MOSCOW TWICE, FIRST IN 1963 AS AN EXCHANGE PROFESSOR AND THEN AGAIN IN 1974. BRANDT AND I CHATTED FOR A WHILE ABOUT SOVIET ART AND SCULPTURE, THEN HE TURNED TO HIS IMPRESSIONS OF BREZHNEV.

6. BRANDT SAID HE HAD FOUND BREZHNEV IN SLIGHTLY BETTER PHYSICAL CONDITION THAN DURING HIS 1978 BONN VISIT. BREZHNEV WAS NOW 74. I OBSERVED THAT BY MY STANDARDS HE WAS A YOUNG MAN. BRANDT SAID THAT BREZHNEV STUCK TO HIS PAPERS THIS TIME MORE CLOSELY THAN HE USED TO. AT THEIR FIRST MEETING DURING THE RECENT VISIT, IN THE KREMLIN, BREZHNEV READ FOR ONE HOUR. BRANDT THEN RESPONDED FOR ONE HOUR, FOLLOWING WHICH BREZHNEV IMMEDIATELY

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READ ANOTHER PREPARED TEXT THANKING BRANDT FOR HIS STATEMENT. I ASKED BRANDT HOW BREZHNEV COULD KNOW IN ADVANCE WHAT BRANDT WAS GOING TO SAY. BRANDT REPLIED THAT BREZHNEV'S STATEMENT OF THANKS HAD BEEN PREPARED WITHOUT KNOWLEDGE OF WHAT BRANDT WOULD SAY. RELATIVELY INFORMAL DISCUSSION ONLY BEGAN THE FOLLOWING DAY WITH SOME OF BREZHNEV'S ADVISERS AND COLLEAGUES. SOME EXCHANGE OF VIEWS WAS POSSIBLE THEN.

7. BRANDT SAID HE GAINED THE IMPRESSION AT THE DINNER THE FIRST EVENING THAT BREZHNEV NOW DISLIKED THIS KIND OF OBLIGATION. BRANDT RECALLED THAT BREZHNEV PREVIOUSLY ENJOYED SUCH FUNCTIONS. I AGREED. I RECALLED HAVING SEEN BREZHNEV AT A WASHINGTON DINNER, WHERE HE WAS CLEARLY ENJOYED HIMSELF. BRANDT SAID THAT THIS WAS NO LONGER THE CASE. NOW BREZHNEV ONLY TOOK A SHOT OF VODKA AND A LITTLE SOUP. TOWARD THE END OF DINNER, BREZHNEV TOOK SOME COFFEE AND MADE A FEW BRIEF REMARKS.

8. BRANDT SAID HE SAW BREZHNEV AGAIN FOR FORTY-FIFTY MINUTES ON THE WAY TO THE AIRPORT. THIS WAS THE LAST TIME.

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A FEW REMARKS ON FC AND ARE FROM:

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9. I ASKED WHETHER THAT SUGGESTED TO BRANDT THAT BREZHNEV WAS NO LONGER THE ARCHITECT OF SOVIET POLICY. BRANDT REPLIED, YES AND NO. IN 1974, WHEN HE AND BRANDT HAD SIGNED A TREATY, BREZHNEV ALSO HAD A PREPARED STATEMENT BUT WOULD OCCASIONALLY PARAPHRASE IT. NOW HE JUST READ IT. BRANDT SAID THAT HIS IMPRESSION WAS THAT SINCE 1975 OR 1978 AT THE LATEST, A "KIND OF FIRM" WAS FUNCTIONING IN MOSCOW WHICH USED THE NAME BREZHNEV AND PREPARED HIS TEXTS. HE SIMPLY DO NOT KNOW WHAT RESULTS FROM POLITBURO DECISIONS AND WHAT RESULTS FROM BREZHNEV'S PERSONAL APPARATUS.

10. BRANDT SAID HE WANTED TO MAKE THREE "PERIPHERAL OBSERVATIONS:"

-- POLAND: FIRST, HE HAD THE FEELING THAT THE SOVIETS WERE NOT IN A MOOD TO TAKE ANY IMMEDIATE ACTION VIS-A-VIS POLAND. HOWEVER, THERE WAS A LATENT CRISIS THERE, AND IT WOULD BE UNWISE TO EXCLUDE THE POSSIBILITY OF AN INVASION LATER ON. AT THE DINNER, BRANDT HAD ASKED BREZHNEV WHETHER "HIS FRIEND SUSLOV" -- WHO WAS SITTING NEARBY -- WOULD GO TO THE POLISH PARTY CONGRESS. THE WAY BREZHNEV AND SUSLOV JOKED IN RESPONSE GAVE BRANDT THE IMPRESSION THAT THERE WERE NO PREPARATIONS TO INVADE POLAND. ON THE WAY TO THE AIRPORT BRANDT HAD ASKED BREZHNEV WHETHER HE KNEW KANIA. BREZHNEV RESPONDED, "NO, BUT I KNOW JARUSELSKI AND LIKE HIM." BRANDT RECALLED THAT BREZHNEV HAD KNOWN JARUSELSKI AS DEFENSE MINISTER, A PORTFOLIO WHICH AS PRIME MINISTER

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JARUSELSKI CONTINUES TO HOLD.

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-- NORTH-SOUTH ISSUES: BRANDT NOTED THAT HE HAD BEEN IN DISAGREEMENT WITH HIS OWN GOVERNMENT ON THE ISSUE OF ASKING THE SOVIETS TO PARTICIPATE IN CONFERENCES ON NORTH-SOUTH MATTERS. HE BELIEVED A NEGATIVE STANCE WAS OVERHASTY. THE INTERESTS OF THE HUNGARIANS AND BULGARIANS, FOR EXAMPLE, WERE DIFFERENT FROM THOSE OF THE SOVIET UNION. BRANDT BELIEVED THAT THE FUTURE OF TRADE, ENERGY AND THE WORLD MONETARY SYSTEM REST ON

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OF INTEREST TO THEM. THE RUSSIANS HAD NOT MOVED THAT FAR. SOME EXPERTS HAD, BUT NOT THE LEADERS. AT A MOSCOW CONFERENCE ORGANIZED BY THE SOVIET INSTITUTE FOR INTERNATIONAL AFFAIRS (INEMO) WHICH BRANDT HAD ATTENDED PREVIOUSLY, SOME OF THE SOVIET PARTICIPANTS HAD RAISED INTELLIGENT ISSUES AND HAD AGREED WITH BRANDT'S OBSERVATION THAT "WORLD-BRIDGING PROBLEMS," SUCH AS THE POPULATION EXPLOSION AND THE ENVIRONMENT, WENT BEYOND THE SOCIAL ORDER UNDER WHICH ONE LIVED. BRANDT SAID THAT TO HIS SURPRISE, BREZHNEV HAD RAISED THE NORTH-SOUTH ISSUE. BREZHNEV SAID HE WANTED TO REPEAT THE SOVIET "POSITION OF PRINCIPLE:" THEY DID NOT FEEL RESPONSIBLE FOR THE CONSEQUENCES OF COLONIALISM." (BRANDT SAID HE HAD NOT RESPONDED, BUT IF HE HAD, HE WOULD HAVE SAID THIS WAS A QUESTION BETTER LEFT TO HISTORIANS.) APART FROM THAT, BREZHNEV CONTINUED, THE WEST WAS WORKING WITH THE WRONG FIGURES; BREZHNEV WOULD HAVE TO INCLUDE AID TO CUBA, VIET NAM AND OTHER COUNTRIES. BUT, BREZHNEV SAID, "WE DON'T EXCLUDE THAT WE WILL FIND A WAY TO PARTICIPATE IN THE EFFORTS OF THE MEXICO SUMMIT." BRANDT DREW THE CONCLUSION THAT

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BREZHNEV WOULD NOT PLAN TO GO, BUT WOULD PERHAPS SEND SOME HIGH-LEVEL OBSERVER. THIS WAS AGAINST THE RULES, AND THE MEXICANS WOULD HAVE TO DECIDE. BREZHNEV CRITICIZED "THE NORTH-SOUTH" TERMINOLOGY. BRANDT IN TURN REPLIED THAT HE HAD PROBLEMS WITH IT TOO. THE SOVIETS, HOWEVER, DID NOT SUGGEST ANY ALTERNATIVE TERMINOLOGY.

-- AFGHANISTAN: BRANDT SAID THAT BREZHNEV, IN HIS FIRST PRESENTATION, HAD SOME REMARKS ABOUT MILITARY COOPERATION BETWEEN CHINA AND THE UNITED STATES. BRANDT LISTENED, THEN SAID, "SINCE WE ARE DISCUSSING THAT PART OF THE WORLD, WHAT ABOUT AFGHANISTAN?" BRANDT RECALLED TO BREZHNEV THE CONTINUING DISPLEASURE WITH SOVIET ACTIONS IN AFGHANISTAN ON THE PART OF "HIS TRING WORLD FRIENDS." BREZHNEV RESPONDED RATHER DEFENSIVELY THAT IF THE AMERICANS HAD THOUSANDS OF ADVISERS IN IRAN, NO ONE WOULD THINK ANYTHING WAS WRONG; BUT WHEN THE SOVIETS SENT FORCES INTO AFGHANISTAN, THERE WAS A WORLDWIDE OUTCRY.

11. THE FOLLOWING DAY, BRANDT SAID, HE HAD TALKED WITH MAGLADIN, WHO WAS "VERY ABLE." BRANDT IDENTIFIED FALA

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PEOPLE IN THE "MAFIA" SCARCINGLY SAID THAT

-- FALA, THE FORMER SOVIET AMBASSADOR IN WASHINGTON

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-- ZAGLADIN, PARTY EXPERT ON INTERNATIONAL AFFAIRS;

-- ARBATOV, THE HEAD OF THE INSTITUTE FOR THE UNITED STATES AND CANADA;

-- INOZEMTSOV, HEAD OF THE INSTITUTE FOR INTERNATIONAL AFFAIRS (IMEMO).

THE FOUR MEMBERS OF BREZHNEV'S "MAFIA," BRANDT SAID, HAD ALL BEEN AT UNIVERSITY TOGETHER AND TOOK THEIR DEGREES THE SAME YEAR.

12. BRANDT HAD ALSO SPOKEN WITH PONOMAREV, ACCOMPANIED BY ZAGLADIN. HE CHARACTERIZED PONOMAREV AS OLD-FASHIONED AND A LONG-TIME POLITBURO CANDIDATE. PONOMAREV MADE THE FOLLOWING SPECIFIC REMARKS ON AFGHANISTAN:

-- IF GUARANTEES COULD BE OFFERED AGAINST INVASION OF AFGHANISTAN FROM PAKISTAN AND IRAN, AND IF SECURITY COULD BE ESTABLISHED ALONG THE 2,400-KILOMETER-LONG BORDER, AND IF AFGHANISTAN'S NON-ALIGNED STATUS COULD BE CONFIRMED (BRANDT SAID HE HAD INTERJECTED AT THIS POINT THAT THAT STATUS HAD NEVER CHANGED), THEN THE SOVIETS WOULD "WITH PLEASURE" BE PREPARED TO WITHDRAW THEIR TROOPS. BRANDT SAID THAT THE SOVIETS HAD NOT BEEN WILLING TO DISCUSS THE INTERNAL STRUCTURE OF THE AFGHANISTAN GOVERNMENT, AND WERE OBVIOUSLY NOT PREPARED TO DISCUSS THE POSSIBILITY OF MILLIONS OF REFUGEES

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RETURNING WITHOUT BEING PUNISHED. BUT THE SETTLEMENT WOULD HAVE TO BE GUARANTEED BY THE USSR AND THE UNITED STATES.

13. I ASKED BRANDT IF HE COULD CLARIFY THE WORD "GUARANTEE." HE RESPONDED THAT IT MEANT A TREATY PLUS "PERHAPS SOMETHING ALONG THE TWO BORDERS." HE CONTINUED THAT THIS WAS A DIFFERENT SOVIET APPROACH FROM THAT OF SIX MONTHS AGO. THEY WERE NOT EXCLUDING DISCUSSIONS NOW. SIX MONTHS AGO, BRANDT OBSERVED, THE SOVIETS WOULD HAVE SAID,

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11. "THIS IS OUR BUSINESS; YOU ARE FAR AWAY."
THIS WAS ALSO TRUE OF THE CARRINGTON VISIT.
GROMYKO HAD SAID THAT THE EC PROPOSAL WAS
"NOT REALISTIC," BUT HE HAD NOT TOLD CARRINGTON
TO "GO TO HELL," AND HE INDICATED THEY COULD MEET
IN NEW YORK IN SEPTEMBER. BRANDT SAID HE DID NOT
KNOW HOW FAR THE SOVIETS WERE WILLING TO GO, BUT
THEY WERE AWARE THAT THEIR POSITION WAS NOT STRONG.

14. THESE WERE THE PERIPHERAL THINGS, BRANDT SAID. NOW
HE WISHED TO TURN TO SERIOUS THINGS. HE HAD HEARD A GOOD
DEAL OF TALK IN MOSCOW THAT THE SOVIETS WANTED TO
NEGOTIATE, BUT THAT THEY DOUBTED THE UNITED STATES WANTED
TO. IN RESPONSE, BRANDT HAD POINTED TO CHANCELLOR
SCHMIDT'S STATEMENT ON RETURNING FROM THE UNITED STATES
AND TO THE NATO COUNCIL'S ROME STATEMENT. THERE WAS
SOME POLEMIC ON THE PART OF THE SOVIETS DURING THE MOSCOW
TALKS, BUT NOT VERY MUCH.

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15. BRANDT SAID HE ASKED THE SOVIETS, "IF YOU DO NOT LIKE THE IMPLEMENTATION OF THE FIRST PART OF THE DOUBLE DECISION, WHAT ARE YOU PREPARED TO DO?" SUBSEQUENTLY, THE SOVIETS SEEMED TO HAVE HAD A DISCUSSION. THEY HAD SENT AN ADVISOR TO THE GUEST HOUSE TO ASK WHAT BRANDT HAD MEANT BY A "ZERO SOLUTION." BRANDT RESPONDED THAT THE SOVIETS SHOULD LOOK AGAIN AT THE NATO DOUBLE DECISION AND THE DECISION TAKEN AT THE DECEMBER 1979 SPD BERLIN CONVENTION, WHICH INDICATED PREPAREDNESS TO DEPLOY NATO TMS IF NEGOTIATIONS PROVED UNSATISFACTORY. THE SOVIETS HAD ANOTHER INTERPRETATION, BRANDT SAID. FOR THEM, THE ZERO SOLUTION MUST INCLUDE ALL REPEAT ALL MEDIUM-RANGE WEAPONS IN EUROPE. AT THE FIRST BRANDT-BREZHNEV MEETING, THEY ALREADY INSISTED THAT FBS BE INCLUDED. (IN RESPONSE TO MY QUESTION, BRANDT CLARIFIED "FBS" TO MEAN PRINCIPALLY U.S. AIRCRAFT IN THE MEDITERRANEAN.) THE SOVIETS POINTED OUT THAT THE UNITED STATES AND THE GERMANS SHOULD KNOW THAT WHEN THE SOVIETS PRESENTED FIGURES, THEY WOULD INCLUDE BRITISH AND FRENCH SYSTEMS, WHATEVER THESE SYSTEMS' STATUS WAS.

16. BRANDT RECALLED THAT IN HIS DINNER SPEECH HE SAID THAT HE WHO WISHES TO PREVENT ARMS MODERNI-

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ZATION (NACHRUESTUNG) MUST DEAL WITH THE PROBLEM OF ARMS DEPLOYMENT TO WHICH THAT MODERNIZATION IS A

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RESPONSE (VORRUESTUNG). IN HIS DINNER REMARKS, BREZHNEV RESPONDED WITH A SLIGHTLY CHANGED MORATORIUM PROPOSAL, OF WHICH BRANDT SAID HE THOUGHT THE UNITED STATES WAS ALREADY AWARE:

-- THE PROPOSAL CONCENTRATED PURELY ON DEPLOYMENT AND DID NOT INCLUDE PRODUCTION OF TNF WEAPONS OR INFRASTRUCTURE PREPARATION:

-- THE PROPOSAL ALSO STIPULATED THAT SS-20 DEPLOYMENT WOULD STOP "AS SOON AS NEGOTIATIONS BEGAN." THIS WOULD MEAN MORE THAN PERIPHERAL TALKS IN NEW YORK. THE SOVIETS WOULD EXPECT THE AMERICANS TO LET THE SOVIETS KNOW THAT THEY AGREED WITH THE SOVIET CONCEPT. IN OTHER WORDS, BRANDT SAID, IF THE UNITED STATES FOUND THE CONCEPT AGREEABLE, WE WOULD MERELY HAVE TO FIND SOMEONE TO CARRY THE MESSAGE.

17. BRANDT AND HIS COLLEAGUES POSED OTHER QUESTIONS RELATED TO TNF, E.G.,: HOW MANY SS-20'S WOULD BE DISMANTLED; THE NUMBER OF AND PLANS FOR THE SS-4'S AND SS-5'S; HOW MANY SS-20'S WERE TARGETED ON CHINA; WHAT PLANS THE SOVIETS HAD TO CONTINUE THEIR BUILD-UP OF WEAPONS. SUBSEQUENTLY, A RESPONSE ARRIVED. THERE HAD BEEN A POLITBURO MEETING AT WHICH THE FOREIGN AND DEFENSE MINISTRIES HAD BEEN INSTRUCTED TO PREPARE A REPLY TO BRANDT'S QUESTION. THE SOVIETS WOULD LET US KNOW, BRANDT WAS TOLD.

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18. I ASKED BRANDT WHETHER BREZHNEV HAD FURNISHED COPIES OF THE TWO MEMOS HE HAD READ FROM. BRANDT SAID THAT HE HAD NOT. THOSE WERE PAPERS PREPARED FOR BREZHNEV'S DELIVERY.

19 BRANDT WAS ASTONISHED BY THE "FANTASTIC DIFFERENCE" BETWEEN THE NUCLEAR WEAPONS FIGURES BREZHNEV GAVE AND WESTERN FIGURES. AT BRANDT'S REQUEST, WISCHNENSKI PRODUCED THE WESTERN FIGURES AND SAID THAT THEY WERE SO FAR FROM EACH OTHER THAT IT

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BE WORTHWHILE TO HAVE NEGOTIATIONS IF ONLY FOR THIS REASON." THE SOVIETS, BRANDT ADDED, HAD A RUSSIAN TRANSLATION OF THE GERMAN DEFENSE MINISTRY'S PUBLICATION ON TNF, AND CLAIMED THAT THE FACTS CONTAINED THEREIN WERE NOT CORRECT.

20. BRANDT SAID THE SOVIETS WERE INTERESTED IN THE FRENCH SITUATION. THEY FELT INSUFFICIENTLY INFORMED AND ASKED HIM FOR HIS VIEWS, SINCE HE "WAS A FRIEND OF MITTERRAND." BRANDT SAID HE RESPONDED FRANKLY THAT MITTERRAND WAS RATHER GAULLIST, BUT THAT THE SOVIETS WOULD FIND HIM A SOLID PARTNER. BRANDT OPINED THAT THE SOVIETS WERE CONCERNED BECAUSE THEY HAD MADE IT CLEAR BEFORE THE ELECTION THAT THEY PREFERRED GISCARD.

21. BRANDT CONFIRMED THAT BREZHNEV WANTED TO COME TO BONN IN NOVEMBER. BRANDT SAID HE ASKED SCHMIDT BEFORE LEAVING FOR MOSCOW, AND THAT THE CHANCELLOR HAD BEEN IN FAVOR OF A BREZHNEV VISIT. THERE WERE A NUMBER OF BILATERAL ISSUES OUTSTANDING,

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AND A SCHMIDT-BREZHNEV DISCUSSION WOULD ALSO PROVIDE
USEFUL INFORMATION TO SHARE WITH THE ALLIES.

22. BRANDT SAID HE AND HIS COLLEAGUES HAD TOUGH
WORDS IN RESPONSE TO SOVIET ATTACKS ON THE FRG.
BRANDT TOLD THE SOVIETS HE APPRECIATED THE SIGNIFI-
CANCE OF JUNE 22 AS THE 40TH ANNIVERSARY OF THE
GERMAN INVASION OF THE SOVIET UNION, BUT THAT SOME
SOVIET ATTACKS ON THE FRG WERE UNACCEPTABLE. AS AN
ILLUSTRATION, BRANDT NOTED THAT IN A TELEVISED
DISCUSSION WITH A POLISH POLITBURO HARDLINER, THE
ALLEGATION HAD BEEN MADE THAT WEST GERMAN "REVANCHISTS"
WERE INVOLVED IN POLAND. BRANDT SAID HE ALSO TOLD THE
SOVIET AMBASSADOR IN BONN THAT IT WAS BETTER TO HAVE
FACTS THAN ACCUSATIONS.

23. I SAID I FOUND BRANDT'S REMARKS FASCINATING.
NOTING THAT MY GOVERNMENT WOULD BE PARTICULARLY
INTERESTED IN HIS GENERAL CONCLUSIONS ABOUT THE
SUBSTANCE OF THE CONVERSATIONS, I ASKED BRANDT
IF HE HAD CARRIED AWAY THE IMPRESSION THAT SOME-
THING OF REAL SIGNIFICANCE HAD EMERGED IN THE
COURSE OF HIS VISIT.

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24. BRANDT SAID THAT THAT WAS A DIFFICULT SITUATION.

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IF HE ATTEMPTED TO ANALYZE HIMSELF, HE WOULD HAVE TO ADMIT THAT HE TRIED TO "RUN AWAY" FROM ANSWERING THAT QUESTION. THE SOVIETS HAD SAID THEY WOULD PROVIDE INTERPRETATIONS; THEY STILL HAD TWO WEEKS TO DO THAT. HIS PRESENT FEELING WAS THAT THERE WERE SHADES OF DIFFERING OPINIONS WITHIN THE TOP SOVIET LEADERSHIP "WHICH YOU CAN SMELL," ALTHOUGH AS YET NO PROOF OF THIS EXISTED.

25. COMPARED WITH HIS EARLIER VISITS, BROBSERVED, THE RECEPTION THIS TIME WAS EXTREMELY COOL AND FORMAL. THE FIFTEEN ACCOMPANYING JOURNALISTS WERE PRACTICALLY ISOLATED FROM THE TIME OF THE GROUP'S ARRIVAL MONDAY MORNING UNTIL WEDNESDAY. NORMALLY THE SOVIETS CONTACTED JOURNALISTS; THEY DID NOT DO SO THIS TIME. WHEN THE SOVIETS ASKED BRANDT WHOM HE WISHED TO SEE, HE HAD REPLIED GROMYKO AND FALIN. HE WAS NOT ABLE TO SEE FALIN PRIVATELY, HE MET HIM ONLY AT THE GERMAN EMBASSY RECEPTION WEDNESDAY EVENING.

26. BRANDT WENT ON TO SAY THAT THERE SEEMED TO BE SOME CHANGE IN THE CLIMATE AT THAT POINT. THAT NIGHT, THE SOVIET COURIER SAID TO HIM, "THE POLITBURO WILL MEET TOMORROW MORNING. YOU CAN TAKE IT FOR GRANTED THAT BREZHNEV WILL SEE YOU BEFORE YOU LEAVE." THE COURIER ALSO SAID THAT THE SOVIETS HAD "COME TO A POSITIVE CONCLUSION" ON BRANDT'S VISIT. IT WAS REMARKABLE, BRANDT OBSERVED, THAT THEY NEEDED A MEETING TO DO SOMETHING AS SIMPLE AS THAT. THEY HAD OBVIOUSLY DECIDED THAT "THE OLD MAN" WOULD COME TO THE AIRPORT. GROMYKO AND PONOMAREV WERE WAITING

[REDACTED]

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THERE.

27. SUSLOV ALSO PARTICIPATED AT THE DINNER, BUT HAD NOTHING TO DO WITH THE TALKS. HE WAS FRIENDLY. ALTHOUGH HE IS OLDER THAN BREZHNEV, HE LOOKED YOUNGER. A HARDLINER IN THE PAST, HE WAS RELAXED ON THIS OCCASION.

28. BRANDT SAID HE WAS ALMOST SURE THAT THERE WAS A LINE OF THINKING WITHIN THE SOVIET LEADERSHIP

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TO THE EFFECT THAT "WHATEVER THE SOVIETS DO, CRUISE MISSILES AND PERSHING II WILL BE DEPLOYED. THEREFORE, THE SOVIETS HAD BETTER START PREPARING THEIR RESPONSE." PERHAPS, BRANDT SPECULATED, THERE WERE ALSO THOSE WITHIN THE SOVIET LEADERSHIP WHO WOULD NOT AGREE WITH THIS LINE, AND WHO STILL EXPECTED SOMETHING POSITIVE FROM NEGOTIATIONS. BREZHNEV SAID THAT IF THE UNITED STATES THOUGHT IT COULD FORCE THE SOVIETS INTO SUBMISSION BY FURTHER ARMING, IT WOULD FAIL. BREZHNEV TRACED IS CONNECTION HISTORICAL DEVELOPMENTS SINCE THE EXPLOSION OF THE FIRST NUCLEAR BOMB.

-

29. BRANDT EXPRESSED THE OPINION THAT THE SOVIETS DID NOT ACCEPT THE THESIS THAT, AS IN OTHER COUNTRIES, TECHNOLOGY MIGHT DRIVE POLICY. THEY GAVE THE IMPRESSION THAT EVERYTHING WAS THE RESULT OF POLICY DECISIONS -- WHICH, BRANDT SAID, HE DID NOT BELIEVE. TO ILLUSTRATE, BRANDT SAID HE DOUBTED THAT THE LEADERSHIP KNEW TEN YEARS AGO WHAT THE SS-20 WOULD

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NODIS

MEAN, "BUT THEIR GENERALS KNEW."

30. AS AN ASIDE, BRANDT SAID HE HAD SEEN IN THE NEWS THAT HIS FRIEND HORST EHMKE WAS IN WASHINGTON. BRANDT SAID THERE WERE REPORTS THAT HE HAD ASKED EHMKE TO TRANSMIT INFORMATION ABOUT THE RESULTS OF HIS VISIT. THIS WAS "A MISUNDERSTANDING." BRANDT AND EHMKE HAD HAD A VERY SHORT CONVERSATION, BEFORE BRANDT HAD PRODUCED A WRITTEN REPORT. HOWEVER, BRANDT ADDED, HE HAD GIVEN EHMKE SOME OF HIS GENERAL IMPRESSIONS.

31. I EXPRESSED MY GRATITUDE TO BRANDT FOR HIS THOROUGHNESS AND GREAT CANDOR. BRANDT SAID THAT HE AND HIS STAFF STOOD READY TO SUPPLY FURTHER INFORMATION, "EVEN THE EXACT WORDING." I ASKED WHETHER BRANDT WOULD BE VISITING THE UNITED STATES. BRANDT SAID HE HAD NO SPECIFIC PLANS APART FROM A SPEAKING ENGAGEMENT BEFORE THE B'NAI BRITH IN NEW YORK EARLY IN OCTOBER, WHICH HE WOULD BE COMBINING WITH U.N. NORTH-SOUTH ACTIVITIES. THE GERMANS HAD THEIR DIFFERENCES WITH ISRAEL, BRANDT OBSERVED, AND HE BELIEVED THERE WOULD BE MORE; IT WAS IMPORTANT TO KEEP IN TOUCH.

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32. COMMENT: I FORMED THE IMPRESSION THAT BRANDT WAS

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ENTIRELY FRANK WITH ME AND THAT HE APPROACHED THE SUBJECT OF HIS CONVERSATIONS IN THE SOVIET UNION WITH GREAT CARE. THERE WAS A TOUCH OF HUMILITY IN HIS REPORT ON THE CONVERSATIONS. I HAD THE IMPRESSION THAT HE SPOKE AS ONE MIGHT EXPECT A FRIEND TO SPEAK. WHEN I ASKED HIM AT THE END OF HIS COMMENTS WHAT HIS CONCLUSIONS WERE ON THE REAL SIGNIFICANCE OF THE CONVERSATIONS, HE INDICATED THAT HE WAS STILL SEARCHING HIS MIND AND WAS NOT IN A POSITION TO GIVE A DEFINITIVE RESPONSE. HE HOPED TO DO SO LATER ON. MY FEELING IS THAT IF BRANDT HAD ACTUALLY FOUND SOMETHING OF OUTSTANDING SIGNIFICANCE, IT WOULD HAVE IMPRESSED ITSELF CLEARLY ON HIS MIND, AND SINCE HE APPARENTLY SPOKE HONESTLY TO ME, HE WOULD HAVE INDICATED AS MUCH TO ME. THERE WAS CERTAINLY NO FLAMBOYANCE ON HIS PART. NOR DID HE GIVE ANY INDICATION OF ATTEMPTING TO PLAY AN INDEPENDENT FOREIGN POLICY ROLE. END COMMENT.
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DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4009
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
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COMNAVFORJAPAN YOKOSUKA JA
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WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

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TAGS: PGOV, PINR, JA
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BUT APPEAL HAS WEAKENED; SOME ASIAN COUNTRIES "NO
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- (2) 'KAZAMIDORI' COLUMN: WHY CAN'T THEY SPEAK
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- (3) CHANGED TIDE OF JAPAN-U.S. FRICTION; JAPAN
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ECONOMIES BECOMING BORDERLESS

- (4) IS DEREGULATION A PANACEA? (PART 4) --
UPHOLDING CULTURE; SENSE OF ALARM TOWARD
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- (5) "AINU BILL" SUBMITTED, BUT NO SPECIFIC
DESCRIPTION OF THEIR BEING "AN ABORIGINAL PEOPLE";
CONTENT ONLY SHOWS CULTURAL PROMOTION

ARTICLES:

- (1) YEN LOANS AT CROSSROADS; NEED STILL REMAINS,
BUT APPEAL HAS WEAKENED; SOME ASIAN COUNTRIES "NO
LONGER NEEDED THEM"

NIHON KEIZAI (PAGE 542) (EXCERPTS)
MARCH 9, 1997

THE JAPANESE GOVERNMENT'S OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PROJECTS FINANCED BY YEN LOANS ARE NOW REACHING A TURNING POINT. JAPAN HAS DISBURSED ENORMOUS AMOUNTS OF YEN LOANS AS THE MAIN SOURCE OF FUNDING FOR ITS ODA PROGRAM. HOWEVER, RECENTLY SUCH AID-RECIPIENT COUNTRIES AS BURMA (MYANMAR) AND IRAN HAVE DECLARED THAT JAPAN'S YEN LOANS ARE "NO LONGER NEEDED." THE CIRCUMSTANCES SURROUNDING YEN-LOAN PROJECTS HAVE NOW BEEN ALTERED BY POLITICAL FACTORS, AS IN THE CASES OF BURMA AND IRAN, AS WELL AS BY ECONOMIC GROWTH IN AID-RECIPIENTS AND THEIR INCREASED REPAYMENTS.

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ACCORDING TO THE OVERSEAS ECONOMIC COOPERATION FUND (OECF), THE IMPLEMENTING ORGAN FOR JAPAN'S ODA PROJECTS, YEN LOANS DISBURSED IN FISCAL 1995 TOTALLED 655.4 BILLION YEN (EXCEPTING DEFERRED DEBT TRANSACTIONS), ACCOUNTING FOR ABOUT 40 PERCENT OF ALL ODA OUTLAYS. APPROXIMATELY 80 PERCENT OF THE YEN LOANS WERE PROVIDED TO THE ASIAN REGION. SOME OBSERVERS POINTED OUT THAT JAPAN IS IN A STATE OF "AID FATIGUE" BECAUSE THE VOLUME OF YEN LOANS IN REAL TERMS IS NOW TENDING TO DECLINE DUE TO THE REDUCTION IN THE BUDGET FOR ODA-RELATED PROGRAMS.

ACCORDING TO THE WORLD BANK, WHEN AN AID-RECIPIENTS' PER CAPITA GROSS NATIONAL PRODUCT (GNP) REACHES AROUND 5,500 DOLLARS, BASED ON NATIONAL INCOME LEVELS, THOSE RECIPIENTS NO LONGER NEED JAPAN'S YEN LOANS. SINGAPORE AND SOUTH KOREA HAVE LONG AGO GRADUATED FROM THE RANKS OF AID RECIPIENTS. IN ADDITION, THE OUTLOOK IS THAT THE

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CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
AMCONSUL SAPPORO
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FBIS RESTON VA
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

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GNP OF MALAYSIA AND THE THAILAND WILL REACH THAT
LEVEL BY THE YEAR 2010. THE SHARE OF CONTRACTS
AWARDED TO COUNTRIES FROM DEVELOPING COUNTRIES
CORPORATIONS FOR AID PROJECTS FINANCED BY YEN LOANS
REACHED APPROXIMATELY 60 PERCENT IN FISCAL 1995.
THE COMPETITIVENESS OF THE PRIVATE SECTOR IN
DEVELOPING COUNTRIES HAS STEADILY RISEN.

YEN LOANS ARE FACING AN ADVERSE WIND BECAUSE OF THE
ECONOMIC GROWTH BEING EXPERIENCED BY ASIAN
COUNTRIES, AS WELL AS THE INCREASES IN REPAYMENTS
OF LOANS BY THE AID-RECIPIENTS. SINCE THE THE

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JAPANESE GOVERNMENT PROVIDES ONLY YEN-DENOMINATED
LOANS, AS THE YEN HAS APPRECIATED, THE REPAYMENT
AMOUNT (IN DOLLAR TERMS) HAS SWOLLEN. FURTHERMORE,
SINCE YEN LOANS ARE LONG-TERM FINANCING, YEN-LOAN

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RECIPIENTS HAVE TO SHOULDER THE EXCHANGE RISKS, SO AS A RESULT, SUCH FINANCING HAS LOST ITS APPEAL.

THE MAJOR ROLE THAT YEN LOANS HAVE PLAYED HAS BEEN IN PROVIDING FINANCING TO DEVELOPING COUNTRIES IN ORDER FOR THEM TO CONSOLIDATE THEIR ECONOMIC AND SOCIAL INFRASTRUCTURES. THERE ARE REGIONS, SUCH AS AFRICA, WHERE THE NEED FOR SUCH ASSISTANCE HAS GROWN. THERE IS ALSO ROOM FOR YEN LOANS TO CONTRIBUTE TO THE FORMATION OF DIRECT INVESTMENTS IN THE PRIVATE SECTOR. "IT IS NOT THAT THE NEEDS FOR YEN LOANS HAVE DECREASED" (OECD), BUT WHAT IS BEING URGED NOW IS A REVIEW OF THE WAY THAT JAPAN IMPLEMENTS ITS YEN LOANS, NOW THAT THE STRUCTURE OF THE GLOBAL ECONOMY IS GREATLY CHANGING.

— (2) 'KAZAMIDORI' COLUMN: WHY CAN'T THEY SPEAK STRAIGHT FROM THE HEART?

IT'S TIME TO FILL THE PERCEPTION GAP ON JAPAN-U.S. RELATIONS, OKINAWA ...

HISAYOSHI INA, EDITORIAL STAFF MEMBER

NIHON KEIZAI (PAGE 2) (FULL)
MARCH 24, 1997

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EMOTIONAL DEBATES REALLY BOTHER ME. IN ONE STUDY GROUP SESSION, I HEARD A TRADING COMPANY EMPLOYEE SAY THAT "JAPAN WOULD ONLY CHANGE IF MORE MEMBERS OF THE SELF-DEFENSE FORCES DIE." THERE WAS ALSO A SCHOLAR WHO CRITICIZED THE JAPANESE MEDIA FOR BEING UNUSED TO COVER TERRORISM OR WARFARE, REMARKING THAT "WE HAVEN'T LOST ENOUGH JAPANESE JOURNALISTS YET."

WHENEVER I REFER PARTICULARLY TO OKINAWA OR JAPAN'S RELATIONS WITH THE UNITED STATES, THERE ARE ALWAYS RESPONSES FROM BOTH THE SO-CALLED RIGHT AND THE LEFT. IN ONE MAGAZINE ARTICLE, FOR EXAMPLE, ONE FELLOW WHO PROFESSES HIMSELF TO BE A "WRITER" MADE UP SOMETHING THAT I HAD NEVER WRITTEN, EVEN PUTTING IT IN QUOTATION MARKS, AND THIS "WRITER" --

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PREMISING HIMSELF ON THAT -- PROCEEDED TO CRITICIZE
ME.

PERHAPS, THOSE ARGUMENTS THAT EXTOL THE BEAUTY OF

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WHITEHOUSE WASHDC IMMEDIATE
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TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4011
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA

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AMCONSUL OSAKA KOBE
AMCONSUL NAHA
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AMCONSUL FUKUOKA
AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
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SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

DEATH, AS WELL AS THE EMOTIONAL ANTI-U.S.
ARGUMENTS, ARE A MEANS TO EXPRESS THE FEELING OF
BEING BLOCKED IN. LYING BEHIND THEM IS THE
SITUATION OF MODERN TIMES THAT WE FIND OURSELVES
IN.

TO EXPRESS THE FORM OF GOVERNMENT FOUND IN
DEVELOPING COUNTRIES, THE WORDS "DEVELOPMENT
DICTATORSHIP" ARE OFTEN USED. IN FACT, JAPAN ALSO
HAD ITS OWN DEVELOPMENT DICTATORSHIP, A SYSTEM
CALLED "THE IRON TRIANGLE OF POLITICAL,
BUREAUCRATIC, AND BUSINESS CIRCLES." JAPAN IS NOW
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BEING CALLED ON TO RESTRUCTURE ITSELF, WHICH MEANS
DESTROYING THAT SYSTEM. THE SEIGE MENTALITY
FEELING WE SEE REFLECTS HOW DIFFICULT THAT WORK
WILL BE, AND THE EMOTIONAL ARGUMENTS ARE PROBABLY
THE SOUNDS OF THE FRICTION INVOLVED IN THAT
PROCESS.

-- IF I MAY TOUCH ON THE PROBLEMS INVOLVING OKINAWA --
BEING PREPARED THAT THIS WILL GIVE RISE TO FRICTION
-- MANY OF THOSE PROBLEMS APPEAR TO HAVE ARISEN
FROM THE DIFFERENCES BETWEEN THE LOGIC OF THE
'MILITARY' THAT IS READIED FOR POSSIBLE
CONTINGENCIES AND THAT OF THE 'PEOPLE' USED TO
LIVING IN PEACETIME.

IN DECEMBER LAST YEAR, A U.S. MILITARY JET DROPPED
A BOMB INTO THE SEA. IF A PLANE HAS TO LAND AT A
BASE WITH A BOMB THAT COULD NOT BE DROPPED DURING
ITS TRAINING DUE TO A MALFUNCTION, THERE WOULD
LIKELY BE A SERIOUS ACCIDENT. EVEN IF THE BOMB IS
DROPPED INTO THE SEA TO AVOID THAT SITUATION, ITS
SAFETY DEVICE IS LOCKED, SO THERE WOULD NOT BE ANY
PARTICULAR PROBLEM ... THIS MIGHT BE THE
MILITARY'S LOGIC.

THEIR CONDUCT, IN OTHER WORDS, FOLLOWS THEIR
MANUAL. SO, THEIR REPORTING OF IT TO THE JAPANESE
GOVERNMENT WAS ALSO DELAYED. SUCH ACTION LED TO
FRICTION WITH THE LOGIC OF THE JAPANESE PEOPLE.
HAVING LEARNED A LESSON FROM THAT, THEY NOTIFIED
THE JAPANESE GOVERNMENT OF THE INCIDENT OF THEIR

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MISTAKEN FIRING OF DEPLETED-URANIUM BULLETS, EVEN
THOUGH IT WAS ONE YEAR AFTER THE INCIDENT ACTUALLY
TOOK PLACE. BUT IT WAS NOT UNTIL A MONTH LATER

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THAT THE FACT WAS MADE KNOWN TO THE GENERAL PUBLIC,
AND SUCH A DELAY RESULTED IN FURTHER COMPLICATING
THE PROBLEM.

IN THAT INCIDENT, THERE WERE THREE PROBLEMS: (1)
U.S. FORCES USED DEPLETED-URANIUM AMMUNITION IN
THEIR TRAINING, GOING AGAINST THEIR OWN
REGULATIONS; (2) THEY REPORTED IT TO JAPAN ONE YEAR
AFTER THAT; AND (3) THE JAPANESE GOVERNMENT FURTHER
DELAYED DISCLOSURE OF THE FACT FOR A MONTH. THE
BIGGEST PROBLEM WAS (1), BUT THERE WAS EVEN A
MOMENT WHEN IT APPEARED TO BE (3).

WHAT IF THE INCIDENT WAS MADE PUBLIC IN JANUARY
1996 RIGHT AFTER ITS OCCURRENCE? THE UNFORTUNATE
INCIDENT THAT OCCURRED IN OKINAWA WAS STILL FRESH
IN PEOPLE'S MEMORIES, AND PRESIDENT CLINTON HAD YET

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SECDEF WASHDC IMMEDIATE
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TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4012
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
COMPATWING ONE KAMI SEYA JA
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CINCPACFLT PEARL HARBOR HI//N5//

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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

TO VISIT JAPAN. IT MIGHT HAVE BEEN DIFFICULT TO

ISSUE THE JAPAN-U.S. JOINT SECURITY DECLARATION IN APRIL. EVEN IF THE U.S. HAD AT LEAST ENTERTAINED SUCH A FEAR AND ABSTAINED FROM MAKING IT PUBLIC, THAT WOULD BE NO WONDER.

MAKING IT PUBLIC THIS JANUARY RIGHT AFTER THE U.S. SIDE'S NOTIFICATION ALSO WOULD HAVE RESULTED IN STRENGTHENING ANTI-U.S. CRITICISM IN JAPAN. SO, THE JAPANESE GOVERNMENT CONDUCTED AN ENVIRONMENTAL SURVEY, AND PROBABLY THOUGHT OF MAKING IT PUBLIC WHEN ITS OUTCOME TURNED OUT TO BE 'NOT GUILTY.'

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IN ACTUALITY, HOWEVER, PUBLIC ATTENTION WAS FOCUSED ON (3), THAT IS, THE JAPANESE GOVERNMENT'S INFORMATION COVER-UP. IRONICALLY ENOUGH, IT RESULTED IN MINIMIZING ITS REPERCUSSIONS ON JAPAN-U.S. RELATIONS. EVEN SO, WHY ARE THE JAPANESE AND U.S. OFFICIALS SO NERVOUS ABOUT INFORMATION DISCLOSURE? THEY PROBABLY MADE SUCH A JUDGMENT FOR FEAR OF EMOTIONAL REACTIONS, BECAUSE IMMATURE ARGUMENTS FULL OF WATERY LOGIC ARE CONSPICUOUS IN THIS SPHERE.

FOR EXAMPLE, ONE NEWSPAPER TOOK UP THE CASE OF THE SOBE COMMUNICATIONS FACILITY IN ITS EDITORIAL, ENTITLED: "KEEP CALM ABOUT THE 'LEGAL VACUUM'." THE EDITORIAL SAID THAT A "VACUUM" TO BE CAUSED UNTIL THE LAND EXPROPRIATION COMMISSION (OF OKINAWA PREFECTURE) ISSUES ITS ARBITRATION WOULD NOT INSTANTLY IMPAIR THE U.S. MILITARY'S FUNCTIONS. IN THE CASE OF SOBE, THERE WAS ONLY ONE LANDOWNER. THIS TIME, HOWEVER, THERE ARE ABOUT 3,000 LANDOWNERS. THIS DIFFERENCE WAS IGNORED IN THAT EDITORIAL.

AS DID THAT EDITORIAL, THERE ARE ALSO VOICES CALLING STRONGLY FOR A CUTBACK OF THE MARINES STATIONED ON OKINAWA. IT WAS REPORTED AS IF PRIME MINISTER RYUTARO HASHIMOTO IN HIS MEETING WITH U.S. SECRETARY OF STATE ALBRIGHT HAD CALLED FOR IT. IN FACT, HOWEVER, HE ONLY ASKED FOR "JAPAN-U.S. CONSULTATIONS ABOUT THE TROOP STRENGTH OF U.S.

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FORCES IN JAPAN." THE JOINT SECURITY DECLARATION
ALSO REFERS TO THAT. IT'S PREMISED ON JAPAN'S
STEPPING UP ITS DEFENSE COOPERATION, BUT ONLY FEW
ARGUMENTS HAVE TOUCHED ON THAT.

THE IMPORTANT THING IS NOT TO PLAY OUT A FANTASY OF
DISARMAMENT. INSTEAD, WE SHOULD BE WORKING TO FILL
THE PERCEPTION GAP BETWEEN THE MILITARY AND THE
JAPANESE PEOPLE IN A STEADY WAY, BUT INSTEAD

(3) CHANGED TIDE OF JAPAN-U.S. FRICTION; JAPAN
NEEDS TO ALTER POLICY COURSE IN RESPONSE TO WORLD
ECONOMIES BECOMING BORDERLESS

ASAHI (PAGE 4) (FULL)
MARCH 23, 1997

WITH THE OFFICIAL INSTALLATION OF CHARLENE
BARSHEVSKY AS UNITED STATES TRADE REPRESENTATIVE
(USTR), U.S. TRADE POLICY UNDER THE SECOND CLINTON

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DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4013
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
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WHITE HOUSE FOR NSC ROTH

WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WO
LD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

ADMINISTRATION WILL BE SET IN MOTION IN LATE MARCH.
IN THE FIRST-TERM OF THE CLINTON
ADMINISTRATION, DISPUTES BETWEEN JAPAN AND THE U.S.
BROKE OUT MAINLY IN KEY AREAS WHERE JAPANESE AND
AMERICAN COMPANIES COMPETE WITH EACH OTHER TO
DOMINATE WORLD MARKETS, FOR INSTANCE, IN THE
AUTOMOBILE AND SEMICONDUCTOR SECTORS. THE FOCUS OF
ATTENTION HAS NOW SHIFTED TO LABOR-MANAGEMENT
PRACTICES IN CARGO-HANDLING SERVICES, THE JAPANESE
DISTRIBUTION SYSTEM INVOLVING THE LARGE-SCALE
RETAIL STORE LAW, AS WELL AS THE LIQUOR TAX ISSUE.
AMERICAN COMPANIES, WHICH HAVE STEPPED UP THEIR
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INTERNATIONAL COMPETITIVENESS THROUGH STREAMLINING
EFFORTS, HAVE AGAIN POINTED TO JAPANESE BUSINESS
PRACTICES AND GOVERNMENT REGULATIONS AS BLOCKING
THEIR MARKET ACCESS. THE GOAL THE U.S.
ADMINISTRATION HAS NOW PUT FORTH IS TO REMOVE THOSE
IMPEDIMENTS WITHIN JAPAN.

(HIROAKI ITO IN THE AMERICAN AFFAIRS BUREAU)

AFTER A LONG INTERVAL, THERE HAVE APPEARED A LARGE
NUMBER OF PENDING ISSUES TO RESOLVE BETWEEN JAPAN
AND THE U.S. THIS SPRING.

THE DEADLINE SET BY THE U.S. FEDERAL MARITIME
COMMISSION (FMC) TO IMPOSE SANCTIONS AGAINST JAPAN
OVER THE ISSUE PRIOR CONSULTATIONS IN CARGO-
HANDLING SERVICES IS APRIL 14. ON TWO ISSUES --
ABOLISHING THE CEILING FOR PERCENTAGE OF FOREIGN
OWNERSHIP OF NTT, AND THE AMERICAN COMPANY

MOTOROLA'S FAILURE IN BIDDING FOR JOINT DEVELOPMENT OF THE NEXT-GENERATION POLICE WIRELESS SYSTEM TO BE INTRODUCED BY THE NATIONAL POLICE AGENCY -- THE U.S. MAY RESORT TO INVOKING ARTICLE 1377 OF THE TRADE ACT (PROVISION ON TELECOMMUNICATIONS), WHICH STIPULATES THAT SANCTIONS ARE TO BE IMPOSED WITHIN 60 DAYS.

IN THE WORLD TRADE ORGANIZATION (WTO), THE DISPUTE OVER THE PHOTOFILM AND PHOTOGRAPHIC PRINTING PAPER MARKETS IS NOW UNDER DISCUSSION. IN THE DISPUTE OVER CORRECTION OF THE DIFFERENTIALS IN JAPANESE

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LIQUOR TAX RATES, IN WHICH A JUDGMENT WAS GIVEN AGAINST THE JAPANESE GOVERNMENT, THE GOVERNMENT IS NOW UNDER PRESSURE TO CHOOSE AN EARLY CORRECTION OR U.S. SANCTIONS.

WIDER VIEWPOINTS UNDER SECOND-TERM ADMINISTRATION

IN RECENT CONFRONTATIONS BETWEEN JAPAN AND THE U.S., SOME TIDAL CHANGES CAN BE OBSERVED.

ONE REASON HAS BEEN THE SHIFT TO OTHER RESPONSIBLE GOVERNMENT AGENCIES. WHEN THE "TRADE WAR" (PRESIDENT CLINTON) ERUPTED OVER AUTOMOBILES AND AUTO PARTS AND OVER SEMICONDUCTORS DURING THE FIRST TERM OF THE CLINTON ADMINISTRATION, MITI PLAYED THE MAJOR ROLE. BUT NOW, GOVERNMENT AGENCIES MAINLY IN CHARGE OF DOMESTIC AFFAIRS ARE INVOLVED IN THE BILATERAL DISPUTES, INCLUDING THE MINISTRY OF TRANSPORT, THE MINISTRY OF POSTS AND TELECOMMUNICATIONS, AND THE NATIONAL POLICE AGENCY.

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USDOC WASHDC IMMEDIATE
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DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4014
CIA WASHDC IMMEDIATE
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AMCONSUL OSAKA KOBE
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AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
COMPATWING ONE KAMI SEYA JA
CGUSARJ CAMP ZAMA JA//IX CORPS G5//
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

CHANGES HAVE BEEN OBSERVED ALSO IN BOTH SIDES'
NEGOTIATING STYLES. IN THE PAST TALKS, JAPANESE
AND U.S. NEGOTIATORS PRESENTED THEIR COMPROMISE
PROPOSALS TO THE OTHER SIDE. BUT IN THE ON-GOING
CARGO DISPUTE OVER THE JAPANESE PRIOR CONSULTATION
SYSTEM, THE U.S. GOVERNMENT, WHILE BRANDISHING
SANCTIONS, HAS SIMPLY WATCHED TO SEE HOW
NEGOTIATIONS AMONG THE JAPAN HARBOR TRANSPORTATION
ASSOCIATION AND OTHER PARTIES CONCERNED ARE
PROCEEDING. ON THE LIQUOR TAX ISSUE, EFFORTS HAVE
BEEN PUT INTO DOMESTIC COORDINATION, FOCUSING ON
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SHOCHU SPIRITS BREWERS, POTATO-PRODUCING FARMERS
AND POLITICIANS.

CHANGES OCCURRED ALSO BECAUSE DEPUTY SECRETARY OF
THE TREASURY SUMMERS, WHO SEES JAPAN ISSUES FROM
THE MACRO-ECONOMIC VIEWPOINT, ASSUMED THE POLICY
HELM IN PLACE OF FORMER NATIONAL ECONOMIC COUNCIL

(NEC) HEAD TYSON, WHO JUSTIFIED "MANAGED TRADE" TO SOME EXTENT, AND FORMER USTR KANTOR, WHO, AS A LAWYER SPECIALIZING IN LABOR PROBLEMS, COMPARED TRADE ISSUES TO COURT BATTLES.

RECOVERY OF COMPETITIVENESS IN SEMICONDUCTOR MARKET

ANOTHER MAJOR CAUSE IS THE RECOVERY OF AMERICAN COMPANIES' COMPETITIVENESS. ALTHOUGH THE TARGETED SHARE OF FOREIGN SEMICONDUCTORS IN THE JAPANESE MARKET BASED ON THE JAPAN-U.S. ACCORD HAS BEEN REMOVED, THE SHARE OF U.S.-MANUFACTURED SEMICONDUCTORS IS STEADILY INCREASING, MAINLY IN THE MICRO PROCESSOR UNITS (MPU) MARKET.

DURING THE FOUR YEARS OF THE FIRST-TERM CLINTON ADMINISTRATION, EXPORTS OF GOODS TO JAPAN CLIMBED 43 PERCENT. DURING THAT PERIOD, THE U.S. GOVERNMENT "CONCLUDED 24 TRADE AGREEMENTS WITH JAPAN" (USTR), BUT OPPORTUNITIES HAVE BEEN DWINDLING FOR THE GOVERNMENT TO APPEAR ON THE MAIN STAGE TO SUPPORT ITS COMPANIES FROM THE POLITICAL SIDE.

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COMMENTING ON THE CAUSES FOR THE CHANGING NATURE OF BILATERAL DISPUTES WITH JAPAN, A SENIOR USTR OFFICIAL POINTED OUT: "WITH CHANCES EXPANDING FOR AMERICA FIRMS TO EXPORT GOODS TO JAPAN, MORE COMPANIES NOW FACE THE BARRIERS ERECTED BY JAPAN'S UNIQUE (DOMESTIC) SYSTEMS."

FOR EXAMPLE, AMERICAN HOUSING CONSTRUCTION COMPANIES, WHICH HAVE DRAWN PUBLIC ATTENTION IN THE WAKE OF THE REVISION OF THE CONSTRUCTION STANDARDS LAW, HAVE EXPERIENCED THE UNEXPECTED PROBLEM THAT IT IS MORE EXPENSIVE TO TRANSPORT FROM THE JAPANESE PORT TO THE CUSTOMER THAN IT IS TO DO SO FROM THE U.S. ACROSS THE PACIFIC OCEAN TO JAPAN. IN THE COURSE OF TALKS ON DEREGULATION WITH JAPAN, THE USTR OFFICE CRITICIZED THE MOT'S REGULATION TO "SET THE MINIMUM NUMBER OF TRUCKS FOR AN ENTITY TO ENTER THE TRUCKING BUSINESS" AS BLOCKING NEW ENTRIES AND JACKING UP TRANSPORTATION COSTS.

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WHITEHOUSE WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE
TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4015
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
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AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
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USIA FOR MR AND REA
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WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

THE CARGO DISPUTE ALSO REFLECTS THE U.S.'
DISSATISFACTION THAT "TRANSPORTATION COSTS AT
JAPANESE PORTS ARE 20 PERCENT HIGHER DUE TO THE
PRIOR CONSULTATION SYSTEM."

PERCEPTION OF FRAMEWORK TALKS AS FRUITLESS SETTLED
IN U.S.

THREE YEARS HAVE PASSED SINCE THE DRAMA OF "A
BILATERAL RUPTURE IN NEGOTIATIONS" WAS PLAYED OUT
BY THEN PRIME MINISTER MORIHIRO HOSOKAWA AND
PRESIDENT CLINTON IN THEIR SUMMIT MEETING IN
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FEBRUARY 1994. IN THE FRAMEWORK TALKS, THE U.S.
AIMED AT ACHIEVING RESULTS IN SPECIFIC SECTORS AND
AS A RESULT, BILATERAL TRADE ISSUES THREATENED TO

INTENSIFIED TO THE LEVEL OF CREATING CRACKS IN THE
OVERALL BILATERAL RELATIONSHIP. THE AWARENESS OF
SUCH TALKS AS BEING FRUITLESS IS GRADUALLY SETTLING
IN WITHIN THE U.S. GOVERNMENT.

THE FRAMEWORK TALKS ARE STILL ON THE BOOKS, BUT
TRADE POLICY UNDER THE SECOND CLINTON
ADMINISTRATION HAS BEEN INCLINING TOWARD THE POINTS
OF VIEW ADOPTED IN THE STRUCTURAL IMPEDIMENTS
INITIATIVE TALKS IN THE DAYS OF THE BUSH
ADMINISTRATION, FOCUSING ON JAPAN'S SOCIAL SYSTEMS,
REGULATIONS AND PRACTICES.

SUCH AN APPROACH OF THE CURRENT ADMINISTRATION HAS
BEEN HAILED EVEN BY JAPANESE PARTIES CONCERNED.

JAPANESE FREIGHTERS ALSO HAVE DESIRED THE
IMPROVEMENT OF THE PRIOR CONSULTATION SYSTEM IN
PORT SERVICES. JAPANESE CONSUMERS WELCOME THE
REDUCTION OF AIRFARES OWING TO THE LIBERALIZATION
OF CIVIL AVIATION SERVICES AND TELEPHONE CHARGES
BECAUSE OF DEREGULATION IN THE TELECOMMUNICATIONS
AREA.

DESPITE OUTCRIES FOR DEREGULATION AND
LIBERALIZATION WITHIN THE RULING AND OPPOSITION
PARTIES, THE JAPANESE GOVERNMENT HAS REMAINED SLOW
TO TAKE ACTION. IN ORDER TO GIVE MOMENTUM TO THE

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EFFORT, THE ONLY MEANS AT THIS POINT IS
UNFORTUNATELY BY FOREIGN PRESSURE ON THE
GOVERNMENT. TAKING THIS AS A GOOD OPPORTUNITY,
JAPAN SHOULD REBUILD ITS OWN STRENGTH TO THE LEVEL
OF BEING ABLE TO CHALLENGE THE U.S. THERE IS NO
OTHER OPTION FOR JAPAN, WHICH IS NOW BEING TOSSED

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ABOUT LIKE A SHIP BY THE WAVES OF ECONOMIC
GLOBALIZATION.

JAPAN-U.S. TRADE TASKS UNDER SECOND CLINTON
ADMINISTRATION

-- CIVIL AVIATION TALKS: THE U.S. HAS CALLED FOR
COMPLETE LIBERALIZATION OF INTERNATIONAL ROUTES,
WHILE JAPAN HAS INSISTED ON THE NEED TO REDRESS THE
CURRENT INEQUITIES

-- CARGO-HANDLING TALKS: SEEKING REFORM OF JAPAN'S
PRIOR CONSULTATION SYSTEM, THE U.S. HAS SET APRIL
14 AS THE DEADLINE FOR SANCTIONS.

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INFO DIA WASHDC IMMEDIATE
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DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4016
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
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AMCONSUL NAGOYA
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AMCONSUL SAPPORO
FBIS OKINAWA JA
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
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WHITE HOUSE FOR NEC CUTTER
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

-- PHOTOFILM: MITI'S INDUSTRIAL POLICY MEASURES
AND THE LARGE-SCALE RETAIL STORE LAW ARE NOW UNDER
EXAMINATION IN THE WTO

-- JAPAN-U.S. PAPER ACCORD. WITH THE APRIL 4 DEADLINE COMING CLOSER, THE U.S. HAS CALLED FOR "A NEW MEASURE"

-- CHINA'S PARTICIPATION IN WTO: THIS ISSUE IS UNDER NEGOTIATIONS BETWEEN THE U.S. AND CHINA AND BETWEEN JAPAN AND CHINA. CHINA'S POLITICAL

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DONATIONS TO THE U.S. DEMOCRATIC PARTY HAS MUDDLED THIS ISSUE.

-- ABOLITION OF THE CEILINGS OF FOREIGN OWNERSHIP OF NTT AND KDD: THE U.S. PUT PRESSURE BY WITHHOLDING (U.S.) LICENSING OF NTT'S START OF INTERNATIONAL TELECOMMUNICATIONS SERVICES

-- JAPAN-U.S. AGREEMENT ON NTT PROCUREMENT: THE U.S. GOVERNMENT HAS REQUESTED AN EXTENSION OF THE THREE-YEAR ACCORD, WHICH EXPIRES IN SEPTEMBER.

-- POLICE WIRELESS SYSTEM: MOTOROLA FILED A COMPLAINT WITH THE U.S. GOVERNMENT FOR ITS FAILURE TO WIN A CONTRACT IN THE BIDDING HELD BY THE NATIONAL POLICE AGENCY.

-- LIQUOR TAX ISSUE: RESPONDING TO ITS DEFEAT IN THE WTO RULING, THE JAPANESE GOVERNMENT HAS RESISTED, CITING THE ISSUE OF SMALL SHOCHU MANUFACTURERS.

-- APPLES: JAPAN HAS REJECTED THE U.S.' CALL FOR INCREASING THE VARIETIES OF APPLES EXPORTED FROM THE U.S. THE U.S. HAS TAKEN THE ISSUE TO THE WTO.

-- RICE: THE U.S. HAS REQUESTED FRONT-LOADING IN TALKS AT THE WTO. THIS ISSUE HAS BEEN ADDED TO THE TASKS FOR U.S. TRADE POLICY IN 1997.

(4) IS DEREGULATION A PANACEA? (PART 4) --
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Date Printed: 02/23/1998 DOC_NUMBER: 97TOKYO02630 CHANNEL: n/a 185

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PAGE 04 TOKYO 02630 08 OF 12 270925Z
UPHOLDING CULTURE; SENSE OF ALARM TOWARD
AMERICANIZATION

YOMIURI (PAGE 1) (FULL)
MARCH 14, 1997

DEREGULATION POLICY MEASURES WHOSE THEORETICAL
FOOTING IS ON MARKET MECHANISMS ARE VULNERABLE TO
CERTAIN DEFECTS.

EMPHASIS TENDS TO BE PLACED ON VISIBLE, NEAR-TERM
BENEFITS IN A NARROW SENSE OF THE TERM SOLELY FROM
THE ECONOMIC ASPECT. SOCIAL AND CULTURAL ASPECTS
AND LONG-TERM BENEFITS, WHICH ARE DIFFICULT TO SEE,
TEND TO BE TRIVIALIZED.

THE ADVANCE OF DEREGULATION AND THE LIBERALIZATION
OF TRADE AND INVESTMENTS HAS USHERED IN THE AGE OF
ECONOMIC GLOBALIZATION. AMID SUCH A CLIMATE, HOW
CAN JAPAN KEEP UP ITS OWN CULTURE?

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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 4458
INFO DIA WASHDC IMMEDIATE
SECDEF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE
TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4017
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
COMPATWING ONE KAMI SEYA JA
CGUSARJ CAMP ZAMA JA//IX CORPS G5//
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COMNAVFORJAPAN YOKOSUKA JA
CINCPACFLT PEARL HARBOR HI//N5//

UNCLAS SECTION 09 OF 12 TOKYO 002630

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS

TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRC/WCLC
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

WHEN FRENCH PRESIDENT CHIRAC VISITED JAPAN, HE GAVE
A COMMEMORATIVE SPEECH AT KEIO UNIVERSITY. IN IT,
HE HINTED THAT HE ALSO FELT SIMILARLY ALARMED.

"THE OPENING OF NATIONAL BORDERS HAS TO BE
IMPLEMENTED, WHILE HONORING EACH COUNTRY'S IDENTITY
AND CULTURE. WHAT IS VITAL IS TO SUSTAIN EACH
COUNTRY'S CULTURE, THOUGHT, THE LANGUAGE SPOKEN TO
EXPRESS SUCH, AND, ABOVE ALL, THE VALUES OF THAT
CIVILIZATION." "LET US GET TOGETHER IN ORDER TO
SUSTAIN OUR MOTHER TONGUE, WHICH IS ANOTHER

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HOMELAND. THE STANDARDIZATION OF CULTURES IS ONE
OF THE DANGERS THREATENING THE 21ST CENTURY."

IN THE FORMER GENERAL AGREEMENT ON TARIFFS AND
TRADE (GATT) NEGOTIATIONS, WHICH HAD PROMOTED THE
LIBERALIZATION OF TRADE AND INVESTMENTS, FRANCE HAD
THE U.S., WHICH PRESSED IT TO LIBERALIZE ITS AUDIO-
VISUAL MARKET, TO APPROVE "SPECIAL-EXCEPTION
REGULATIONS FOR CULTURE."

IN ORDER TO PROTECT FRENCH-MADE TELEVISION PROGRAMS
AND MOVIES FROM A FLOOD OF AMERICAN COUNTERPARTS,
FRANCE MADE IT AN OBLIGATION THAT "MORE THAN 40
PERCENT OF DRAMAS AND MOVIES SCREENED ON TV BE
FRENCH-MADE." THE STATE SUBSIDIZES THE PRODUCTION
OF FRENCH MOVIES.

THE ISSUE OF "CULTURAL SPECIAL-EXCEPTION
REGULATIONS" WAS REHASHED AT NEGOTIATIONS ON THE
MULTILATERAL AGREEMENT ON INVESTMENTS (MAI), WHICH
WERE HELD UNDER THE ORGANIZATION OF ECONOMIC
OPERATION AND DEVELOPMENT (OECD). FRANCE ASKED
THAT CULTURAL INDUSTRIES, SUCH AS MOVIES, BE MADE

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AN EXCEPTION TO LIBERALIZATION. THE U.S., WHICH HAS OVERWHELMING COMPETITIVENESS IN THE VISUAL AND LITERARY ARTS MEDIA, IS DIAMETRICALLY OPPOSED TO SUCH A PROPOSAL.

CANADA IS IN LINE WITH FRANCE. THE THREE MAJOR U.S. TELEVISION NETWORKS, SUCH AS ABC AND NBC, AND AMERICAN CABLE TELEVISION PROGRAMS ARE CONSTANTLY

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AIRED IN CANADA.

DUE TO THE RAPID GLOBALIZATION OF INFORMATION AND COMMUNICATIONS AND THE SPREAD OF THE INTERNET SYSTEM IN WHICH ENGLISH IS HEAVILY USED, AMERICAN CULTURE IS SPREADING WITH SUCH A SPEED AS TO ALMOST DOMINATE THE WORLD. NEGATIVE REACTION TO SUCH A TREND IS ARISING IN VARIOUS COUNTRIES.

WHAT THOSE COUNTRIES HAVE IN COMMON IS THAT "CULTURE SHOULD NOT BE TREATED ON THE SAME PLANE AS THE ECONOMY." SUCH A PERCEPTION IS LACKING IN JAPAN'S EFFORTS TO FACILITATE DEREGULATION.

GERMANY REVISED THE LAW THAT BANS COMPETITIVE RESTRICTIONS, BUT IT HAS DECLARED THAT IT WOULD FIRMLY MAINTAIN THE RESALE PRICE MAINTENANCE SYSTEM APPLIED TO PUBLICATIONS, INCLUDING NEWSPAPERS, FROM THE VIEWPOINT OF CULTURAL AND EDUCATIONAL POLICIES.

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TO SECSTATE WASHDC IMMEDIATE 4459
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WHITEHOUSE WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE
TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4018
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
AMCONSUL SAPPORO
FBIS OKINAWA JA
FBIS RESTON VA
USCINCPAC HONOLULU HI
COMPATWING ONE KAMI SEYA JA
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COMNAVFORJAPAN YOKOSUKA JA
CINCPACFLT PEARL HARBOR HI//N5//

UNCLAS SECTION 10 OF 12 TOKYO 002630

DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
COMMERCE FOR JEAN GRIER IN GENERAL COUNCILQS OFFICE, DAS
TREASURY FOR OASIA/IMI/JAPAN
DEPT PASS USTR FOR SHAPIRO/WOLD
DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER

E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

THERE, MOST OF ANTI-MONOPOLY EXPERTS ARE SUPPORTING THAT POLICY LINE. HOWEVER, IN JAPAN, MANY EXPERTS ARE CALLING FOR DEREGULATION WITHOUT EXCEPTION, FALLING IN STEP WITH THE U.S. MODEL OF COMPETITIVE POLICY MEASURES.

THE EUROPEAN COMMUNITY (EC, THE PREDECESSOR TO THE EUROPEAN UNION) COMPILED A REPORT ON BOOK POLICY IN 1985. THE REPORT POINTED OUT THE NECESSITY OF MAINTAINING THE SAME PRICES FOR THOSE PUBLISHED IN THE SAME LANGUAGE AND SUBSIDIES TO LIBRARIES.

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ECONOMICS CENTERED ON MARKET MECHANISMS TEND TO ATTACH TOO MUCH IMPORTANCE TO PORTIONS THAT CAN BE COVERED BY THEORY AND RULE OUT THOSE THAT CANNOT BE SCHEMATIZED OR MEASURED. MANY OF EXPERTS WHO ARE IN FAVOR OF PROMOTING DEREGULATION MAY BE CAUGHT IN SUCH A TRAP.

(ADMINISTRATIVE, FISCAL AND POLITICAL REFORM
INFORMATION-GATHERING TEAM)

(5) "AINU BILL" SUBMITTED, BUT NO SPECIFIC DESCRIPTION OF THEIR BEING "AN ABORIGINAL PEOPLE"; CONTENT ONLY SHOWS CULTURAL PROMOTION

YOMIURI (PAGE 23) (FULL)
MARCH 25, 1997

THE GOVERNMENT HAS GIVEN ITS APPROVAL TO A "NEW AINU BILL" AT A CABINET MEETING AND HAS SENT IT ON TO THE DIET. ALTHOUGH SOME HAD EXPECTED THE BILL TO CLARIFY THE AINU PEOPLE AS AN ABORIGINAL PEOPLE, WHAT THE BILL SHOWS ARE ONLY "DETAILS AS ARE OFTEN SEEN IN A CULTURAL PROMOTION LAW," PLACING EMPHASIS ON PROTECTION AND DEVELOPMENT OF THE TRADITIONAL CULTURE OF THE AINU PEOPLE.

— (YUTAKA SHIMIZU OF THE LOCAL NEWS DEPARTMENT)

THE BILL IS FORMALLY CALLED A LAW TO PROMOTE THE AINU CULTURE AND TO DISSEMINATE KNOWLEDGE AND ENLIGHTEN (PEOPLE) REGARDING ON AINU TRADITIONS,
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ETC." THE OBJECTIVE IS TO "BRING TO FRUITION A SOCIETY IN WHICH THE PRIDE THAT THE AINU PEOPLE HAVE WILL BE RESPECTED." THE BILL, IF ENACTED AS A LAW, OBLIGES THE CENTRAL AND LOCAL GOVERNMENTS TO PROMOTE AINU CULTURE.

IT HAS BEEN ALREADY 13 YEARS SINCE THE HOKKAIDO UTARI ASSOCIATION IN 1984 ASKED FOR SUCH LEGISLATION. THE AINU PEOPLE CAN NOW SEE THEIR REQUEST HAS BEEN ANSWERED IN SOME FASHION. WHEN THE BILL IS ENACTED AS LAW, ALL EXISTING LAWS -- THE LAW FOR THE PROTECTION OF FORMER NATIVES (KYUU-DOJIN) IN HOKKAIDO AND THE LAW TO DISPOSE OF RESERVATION LAND HELD BY FORMER NATIVES IN ASAHIKAWA CITY -- WILL BOTH BE SCRAPPED.

"ALTHOUGH THE BILL IS FAR FROM WHAT WE AT THE BEGINNING HAD CALLED FOR (SUCH AS DESCRIPTIONS ABOUT AINU PEOPLE BEING ABORIGINES AND PROTECTION OF THEIR HUMAN RIGHTS), LEGISLATION RELATED TO US

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TO SECSTATE WASHDC IMMEDIATE 4460
INFO DIA WASHDC IMMEDIATE
SECDEF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE
TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4019
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
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COMPATWING ONE KAMI SEYA JA
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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TREASURY FOR OASIA/IMI/JAPAN
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

AS AN ETHNIC GROUP IS SIGNIFICANT INDEED," SAYS
JIRO SASAMURA (63) OF THE ABOVE ASSOCIATION. "AS
FOR THE ABORIGINES PROBLEM, WE WANT TO MAKE IT A
FUTURE TASK WHILE WATCHING HOW DISCUSSION WILL BE
UNFOLDED AT THE UNITED NATIONS' CONFERENCE. THIS
IS NOT THE TERMINAL POINT BUT THE FIRST STEP
FORWARD," HE STRESSED.

IN DEBATE ON THE BILL, WHETHER TO ADOPT OR REJECT
THE QUESTION OF THEIR ABORIGINAL NATURE WAS A MAJOR
POINT AT ISSUE FROM THE START. THE FORUM OF
KNOWLEDGEABLE PERSONS ON POLICY OPTIONS FOR THE

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UTARI" (CHAIRMAN BY TOKYO UNIVERSITY PROFESSOR
EMERITUS MASAMI ITO), A PANEL THAT WORKED OUT A
BASIS FOR THE BILL, ACKNOWLEDGED IN ITS REPORT
ISSUED IN LAST APRIL THAT (THE AINU PEOPLE) WERE
ABORIGINES, SPECIFYING THAT "NO ONE CAN DENY THAT
THEY WERE NATIVE RESIDENTS, PARTICULARLY IN
HOKKAIDO."

HOWEVER, THE BILL GOES NO FARTHER THAN TO STIPULATE
"PRIDE AS AN ETHNIC GROUP." IN ADDITION, THE
WORDING, "AINU ETHNIC GROUP," WHICH THE ASSOCIATION
CALLED FOR, WAS CHANGED INTO "AINU PEOPLE,"
RESULTING IN GIVING THE IMPRESSION THAT THE BILL
HAS BEEN WATERED DOWN SINCE THE INITIAL REPORT.

THE GOVERNMENT'S EXPLANATION IS: "A CLEAR
DEFINITION FOR ABORIGINES HAS YET TO BE MADE IN ANY
COUNTRY, ALLOWING A VARIETY OF ARGUMENTS, SO
CAREFUL CONSIDERATION IS NECESSARY FOR SUCH A
MATTER" (HOKKAIDO DEVELOPMENT AGENCY DIRECTOR
GENERAL INAGAKI). IN TRUTH, INTERNATIONAL
DISCUSSION OVER THE RIGHTS OF ABORIGINES HAS JUST
BEGUN. THE UN HELD ITS WORKING GROUP MEETING ONLY
TWICE FOR THE PURPOSE OF DRAFTING A UN
DECLARATION."

SHOWA WOMEN'S UNIVERSITY PROFESSOR STUART HENRY
(CULTURAL ANTHROPOLOGY) POINTS OUT RESPECTIVE
CIRCUMSTANCES, EXPLAINING: "CANADA AND AUSTRALIA,
WHERE LAND WAS RETURNED TO ABORIGINES, ARE
COUNTRIES THAT BECAME NATION STATES AFTER BEING

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COLONIZED BY THE UNITED KINGDOM (UK). THE UK HAS
THE LEGAL TRADITION THAT ALLOWS 'NATIVES' TO HAVE
VARIOUS RIGHTS. BUT JAPANESE LEGAL TRADITIONS AND
SOCIAL SYSTEMS DIFFER, SO WE HAVE TO TAKE THEM INTO
CONSIDERATION."

ACCORDING TO A UN ESTIMATION, THERE ARE ABOUT 300
MILLION ABORIGINES IN MORE THAN 70 COUNTRIES IN THE
WORLD, BUT THE WAY THE JAPANESE GOVERNMENT HANDLES
THE AINU PROBLEM HAS BEEN CONSISTENTLY NEGATIVE.

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IT IS NATURAL THAT THE CENTRAL AND LOCAL GOVERNMENTS HAVE TO SERIOUSLY GRAPPLE WITH PROTECTION AND PROMOTION OF THEIR UNIQUE LANGUAGE, DANCING, HANDICRAFTS AND THE LIKE, ALL OF WHICH ARE INCLUDED IN THE BILL, AND TO ADD TO THAT, HISTORICAL PERSPECTIVES LYING BEHIND SHOULD BE MADE CLEAR.

THE MODERN HISTORY OF JAPAN AFTER THE MEIJI RESTORATION (1868) IS REplete WITH NOT A FEW

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USDOC WASHDC IMMEDIATE
TREASURY DEPT WASHDC IMMEDIATE
DEPT OF JUSTICE WASHDC IMMEDIATE
USIA WASHDC IMMEDIATE 4020
CIA WASHDC IMMEDIATE
COMUSJAPAN YOKOTA AB JA
AMCONSUL OSAKA KOBE
AMCONSUL NAHA
AMCONSUL NAGOYA
AMCONSUL FUKUOKA
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DEPT FOR E, P, PM, EB, EAP/J AND S/AL
USIA FOR MR AND REA
WHITE HOUSE FOR NSC ROTH
WHITE HOUSE FOR NEC CUTTER
JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION
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E.O. 12958: N/A
TAGS: PGOV, PINR, JA
SUBJECT: JAPANESE DAILY PRESS SUMMARY 03/27/97

"NEGATIVE LEGACIES" FOR THE AINU PEOPLE, SUCH AS
THEIR BEING FORCED TO USE THE JAPANESE LANGUAGE AND
PROHIBITING THEM FROM FOLLOWING THEIR OWN CULTURE
AND CUSTOMS. IN DIET DELIBERATIONS, IT IS
NECESSARY TO DEBATE THE BILL, TAKING THOSE
CIRCUMSTANCES INTO CONSIDERATION.

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APPROVED BY S/S:JBRENER

P:ONEVSON

EUR:GVEST

C:RRIDGWAY

S/P:PMOLFOMITZ

PH:RBURT

DOD:JSIENA

S/S-O:MBUTCHER

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Date. 9/19/76

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E.O. 12065: RDS-1 01-23-01 (HAIG, ALEXANDER)

TAGS: PSDC, PEPR, UR, US, PL, IR, AF

SUBJECT: SECRETARY'S LETTER TO GROMYKO

1. [REDACTED] - ENTIRE TEXT).

2. FOLLOWING MESSAGE FROM THE SECRETARY TO GROMYKO SHOULD BE DELIVERED TO MFA ASAP: BEGIN TEXT: DEAR MR. MINISTER: I WOULD LIKE TO THANK YOU FOR YOUR MESSAGE OF CONGRATULATIONS ON MY APPOINTMENT AS SECRETARY OF STATE. I CAN ASSURE YOU THAT I SHARE YOUR HOPES FOR STRENGTHENING THE PEACE AND THAT AS SECRETARY I WILL WORK FOR THE DEVELOPMENT OF RELA-

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TIONS BETWEEN OUR TWO COUNTRIES ON THE BASIS OF RESTRAINT

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AND RECIPROCITY.

IF THESE GOALS ARE TO BE REALIZED, I BELIEVE IT IS ESSENTIAL FROM THE START THAT OUR TWO GOVERNMENTS FULLY COMPREHEND EACH OTHER'S CONCERNS AND INTENTIONS. FOR THIS REASON I WOULD LIKE IN THIS INITIAL CORRESPONDENCE TO ADDRESS TWO ISSUES WHICH I CONSIDER OF IMMEDIATE IMPORTANCE.

THE FIRST DEEPLY AFFECTS AMERICAN OPINION AND THUS THE ENTIRE CLIMATE OF OUR RELATIONS. I REFER TO THE TREATMENT BY THE OFFICIAL SOVIET MEDIA OF EVENTS SURROUNDING THE RELEASE BY IRAN OF THE 52 AMERICAN DIPLOMATIC PERSONNEL

ILLEGALLY HELD CAPTIVE IN TEHRAN FOR OVER A YEAR. THE ATTITUDE OF THE USSR THROUGHOUT OUR EFFORTS TO DEAL WITH THE HOSTAGE CRISIS HAS ALREADY CONTRIBUTED TO STRAINS IN OUR RELATIONS. CONTINUED DISTORTION OF THE FACTS CONCERNING THE HOSTAGES AND OF OUR POLICY TOWARD IRAN CAN ONLY RAISE FURTHER DOUBTS IN THIS COUNTRY CONCERNING SOVIET INTENTIONS.

THE SECOND IS A MATTER OF UTMOST POTENTIAL SERIOUSNESS-- THE SITUATION IN POLAND. I WISH TO MAKE CLEAR AT THE OUTSET THAT THERE WILL BE NO CHANGE IN THE US POSITION OF NONINTERFERENCE IN POLAND'S INTERNAL AFFAIRS. WE ARE PREPARED TO DO WHAT WE CAN TO HELP POLAND RESOLVE ITS SERIOUS ECONOMIC DIFFICULTIES. AND WE ARE CONVINCED THAT, IF LEFT TO THEMSELVES, THE POLES ARE FULLY CAPABLE OF SOLVING THEIR PROBLEMS THEMSELVES.

NOR DO I WISH TO LEAVE ANY DOUBT AS TO THE SERIOUSNESS WITH WHICH THE US WOULD VIEW EFFORTS BY THE SOVIET UNION

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TO INFLUENCE DEVELOPMENTS IN POLAND THROUGH MILITARY PRESSURE OR DIRECT INTERVENTION. THIS ADMINISTRATION FULLY SUPPORTS THE CONCLUSIONS OF THE DECEMBER 12 NORTH ATLANTIC COUNCIL COMMUNIQUE. ANY INTERVENTION IN POLAND WOULD FUNDAMENTALLY ALTER THE ENTIRE INTERNATIONAL SITUATION, AND THE US WITH ITS ALLIES WOULD BE COMPELLED TO ACT IN A MANNER WHICH THE GRAVITY OF THE SITUATION WOULD REQUIRE.

MR. MINISTER, I CANNOT IN THIS INITIAL LETTER ADDRESS

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ALL OF THE ISSUES BETWEEN US. AT AN APPROPRIATE TIME I WOULD HOPE IT WOULD BE POSSIBLE TO EXCHANGE VIEWS ON A WIDER RANGE OF SUBJECTS, PARTICULARLY THE PROBLEM OF AFGHANISTAN, AND THE NEED FOR AN EARLY AND COMPLETE SOVIET WITHDRAWAL FROM THAT COUNTRY. THE POINTS I HAVE RAISED ARE THOSE WHICH I BELIEVE DESERVE IMMEDIATE ATTENTION.

I WOULD HOPE YOU WOULD BE PREPARED TO ADDRESS THEM IN THAT SPIRIT.

SINCERELY, ALEXANDER HAIG. END TEXT.
HAIG



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EXCISE

United States Department of State
Bureau of Intelligence and Research

Intelligence Research Report

China: Aftermath of the Crisis

IRR No. 210 - July 27, 1983



DEPARTMENT OF STATE 9601704 IS/FPC/CDR GR Date 12/17/96

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United States Department of State
Bureau of Intelligence and Research

(U) China: Aftermath of the Crisis

Intelligence Research Report No. 210
July 27, 1989

Key Judgments

(LOU) The situation in China will remain unsettled at least until Deng Xiaoping and other party elders die.

(C) The ousting of the reformist Zhao Ziyang and his supporters, combined with a continuing purge of demonstration sympathizers within and outside the Communist Party, is the result of a temporary victory by hardliners.

(C) On economic reform, however, tension may develop between such hardliners as [REDACTED] and such moderates as [REDACTED].

[REDACTED] (See Appendix for biographic sketches of newly promoted leaders Jiang Zemin, Song Ping, Li Ruihan, and Ding Guangen.) More conservative contenders were bypassed when Jiang was named to replace Zhao as party chief.

(S) Friction may also develop between [REDACTED]
[REDACTED]
[REDACTED]

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[REDACTED]

(C) Myriad fundamental problems portend rough waters for China's leadership. These problems cannot be solved quickly, [REDACTED]

[REDACTED] For example:

- Basic economic problems are bound to get worse before they get better. Differences exist within the leadership over the direction and scope of needed economic reform. If hardliners succeed in shifting China toward self-reliance, the resulting decrease in foreign trade and investment will exacerbate underlying problems.
- Contention may also persist over the scope and severity of the internal crackdown.

[REDACTED]

- Popular discontent will add to pressure to do something about inflation, corruption, and nepotism, [REDACTED]

(LOU) In foreign policy, leaders appear united in espousing a continuation of China's open-door policy. Sino-Soviet political rapprochement will continue at a snail's pace.

(C) Foreign governments have expressed near-universal revulsion over the crackdown, although a few exceptions have supported China's approach. Negative reactions range from punitive measures by Western countries to private criticism in the East:

- International Organizations: Although the UN has followed its mandate not to interfere in internal affairs, the World Bank and Asian Development Bank (ADB) have postponed consideration of pending loans.

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China's top leader, Deng Xiaoping

CCP General Secretary Jiang Zemin

- **Western Europe:** Reactions generally follow the lines of the US response, i.e., cessation of high-level visits, suspension of military ties, support for freezing consideration of new international development loans, and public criticism of human rights abuses.
- **Canada, Australia, New Zealand:** All three have canceled high-level visits to the PRC. Canada and Australia have reduced financial assistance, and Canada has recalled its Ambassador for consultations.
- **Japan and South Korea:** Reactions fall short of punitive steps, although Japan has hinted that suspension of development assistance could continue even after "stability" is restored.
- **The Soviet Union:** While official comments have merely expressed hope for continued reform and common sense, the private Soviet reaction has been quite critical.
- **Hungary, Poland, Yugoslavia, and the West European communist parties:** Reaction is sharply critical.
- **East Germany, Cuba, and North Korea:** Reaction has been sympathetic.

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- **The Third World:** Official response has been characterized by silence or expressions of regret, tempered by unwillingness to intervene in China's internal affairs. Condemnation in the press has been strident, with the exception of communist countries.

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(C) How Did China Get to This Point?

Succession Struggle. At the heart of the crisis in China has been the power struggle for the succession to Deng. Several semiretired party elders, who like Deng belong to the "founding generation" of communist revolutionaries, have been seeking for several years to reassert their influence, slow or roll back Deng's reforms, and replace Deng's chosen successors with their own protégés.

Significant policy disputes have been at issue, with Deng's younger supporters throughout the party, government, and military bureaucracies favoring more rapid systemic reform. Hu Yaobang and Zhao Ziyang were willing and able to reshape the political system to accommodate the interests of new social forces set in motion by the decade of reform. The other elders have acted as spokesmen for the established powers, favoring slower and more modest change within the context of strong government and party central control.

Beginning last summer, contending leaders used the problems in the economy—particularly double-digit inflation—to step up attacks on Zhao and force an end to political reform to preserve social stability. Popular confidence in the regime began to disintegrate as concerns over inflation were compounded by rampant official corruption and nepotism and evidence that leaders were more concerned about power considerations than public aspirations.

Differences over policy have been aggravated by personal grudges and family interests. Circumvention of formal institutions and procedures in the recent crisis caused political actors to fall back on personal loyalties to ensure their political—and physical—survival.

Zhao saw the demonstrations of popular support at the time of Hu's death as an opportunity to shore up his position and restore momentum to political and economic reform. He alone in the top leadership seemed to understand the depth of public grievances

and the urgent need to address them in some realistic fashion. Zhao's critics saw his accommodating response to the student demonstrations as an opportunity to undermine his leadership and to assert a more traditional, authoritarian rule.

The Final Straw. In mid-May, growing tensions produced a final break between Deng and Zhao.

[REDACTED]

[REDACTED]

With the June 9 public appearance of Deng, other elders, and the top leadership—minus Zhao, Hu Qili, and Rui Xingwen—there emerged a shaky leadership coalition supporting the imposition of law and order through a reign of terror.

In important ways, this clash of social and political tensions is unique in Chinese history. It emerged from a concatenation of events:

- Hu Yaobang's death on the eve of planned demonstrations in commemoration of the prodemocratic May Fourth Movement of 1919;
- the ADB meeting in Beijing;
- the Sino-Soviet summit that prompted the massive presence of Western, Hong Kong, and Taiwan reporters in Beijing to provide live coverage to the world; and
- Deng's deteriorating health.

The conflict between extremes in Chinese political culture—the aging founders of the revolution and the

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most educated and Westernized elements of the national population—does not exist to the same extent elsewhere in China as in the capital.

The Impact of the Fourth Plenum

(C) The Central Committee on June 24 removed Zhao from all his party positions and demoted three of his supporters. [REDACTED] remain an important force in the leadership, [REDACTED]

- Jiang, an economic reformer and Politburo member, was named General Secretary and promoted to the Standing Committee.
- Li remains Premier, but none of his protégés received a promotion.
- Neither the military nor the security apparatus enhanced its position within the leadership.

Deng apparently brokered a deal that will protect key aspects of his economic reform program, but the Central Committee communique strongly hints that the struggle is not yet over.

(C) Zhao's Out... The Central Committee plenum made official what had been known for weeks: Zhao lost his job as party chief. While removed for making "very serious mistakes" and "supporting turmoil"—but not counterrevolutionary rebellion—and "splitting the party," Zhao was labeled "comrade" and not charged as a counterrevolutionary. Nevertheless, these are serious charges and the communique says darkly that it will "look further into his case."

(C) While Zhao's initial treatment is far milder than suggested by documents reportedly circulated last month, the leadership removed him from all posts, including the Central Committee. When Hu lost his post as party chief he was left on the Politburo; likewise Hua Guofeng stayed on the Politburo for almost two years and then retained a Central Committee seat for five more years. Zhao's harsh treatment allegedly was the result of his refusal to admit to his "mistakes."

(C) ...Jiang's In. New party chief Jiang Zemin was party boss in Shanghai and has been a Politburo member since 1987. [REDACTED]

• Jiang is a Soviet-trained engineer who has worked with and for Li in various jobs. [REDACTED]

(S) Jiang has no historical connection with Deng but almost certainly attracted the patriarch's favorable attention by his censorship of the *World Economic Herald* in April. Moreover, Jiang may have coordinated several visits to Shanghai by Deng for medical treatment. [REDACTED]

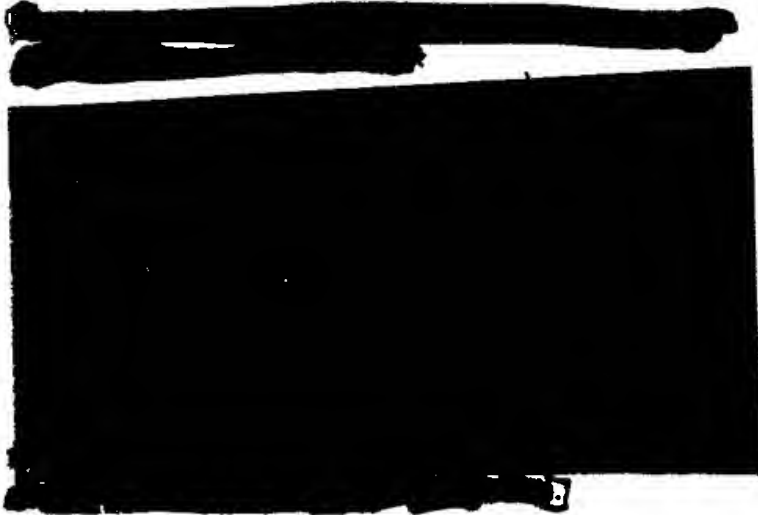
(C) Although a strong proponent of economic reform, including devolution of responsibility and resources from central ministries to local control, Jiang crossed swords with Zhao several times over Shanghai matters. [REDACTED]

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(C) **Reformers, Not Liberals.** The Central Committee dumped all of Zhao's top-level associates who had demonstrated a strong commitment to political reform:



(C) Almost all of those who were promoted—Jiang, Tianjin party chief Li Ruihuan, who joins the Politburo Standing Committee and Secretariat, and Ding Guangen, who joins the Secretariat—are committed to economic reform but take a more orthodox stance on political issues. Both Jiang and Li Ruihuan acted with moderation during recent student unrest, allowing students to vent frustration and avoiding violence or the use of troops. Conservatives gained one seat on the now six-man Standing Committee: Chen Yun protégé Song Ping, an orthodox economic planner who is now in charge of top-level party personnel affairs.

(C) **Keeping the Door Open.** The communique, like Deng's June 9 speech, strongly endorses China's commitment to economic reform and opening to the outside. It contains no bluster or warnings about foreign governments "interfering in China's internal

Politburo Standing
Committee member
Li Ruihuan

Politburo Standing
Committee member
Song Ping

Politburo Alternate
and Secretariat
member
Ding Guangen

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affairs" but rather expresses the belief that foreigners will understand China's "just struggle to quell the counterrevolutionary rebellion" and that friendly ties between the PRC and other countries will continue to develop. Preserving the "open door" and Westward-leaning foreign policy may have been achieved, however, at the price of [REDACTED]

(C) The Long, Hot Summer

Although China's leaders papered over differences at the Central Committee plenum, signals persist of strong disagreements on policy. Moreover, the plenum communique hinted that further "adjustments" to the leadership are likely.

Despite efforts to get back to business, top-level wrangling will continue throughout the summer, possibly culminating in more changes at another plenum or a "party representative conference" this fall. Contention over the scope and severity of the crackdown and a high-level review of foreign policy and the diplomatic fallout of recent events will also keep Beijing's political pot simmering through the summer.

Domestic Policy Signals Unclear. The fourth plenum's communique declared a "decisive victory" over the "counterrevolutionary rebellion" of April-May and announced plans to get the country back to work. The late-June meeting of the National People's Congress Standing Committee, delayed by preparations for the plenum, also was meant to symbolize the return to "normality." But conflicting signals in statements by top leaders, the plenum communique, and various authoritative media suggest continued confusion about domestic priorities and marching orders.

People's Daily editorials and the plenum communique of June 24, for example, evince continuing disagreement over the priority and relationship of combating "bourgeois liberalism" and pursuing economic reform. The communique, like an editorial in the party paper June 23, highlighted the importance of purging Zhao and his supporters and reasserting strong party ideological and organizational controls. The communique listed two additional tasks: carrying out eco-

nomic retrenchment to "improve" economic reform and addressing complaints about corruption and illegality in party leadership.

Both of these authoritative statements took pains to denigrate democracy activists and their alleged political backers and to defend the harsh crackdown by party and army hardliners. Credit for acting decisively to check the counterrevolution was ascribed to Deng and other party elders. The rationale was set forth for conducting a major purge of the bureaucracy in the guise of a political campaign against bourgeois liberalization. Caveats regarding the need to follow legal procedures and to avoid regression in reform were weak and tangential to the argument.

A *People's Daily* editorial on June 25, after briefly reiterating the importance of ideological work and party building, took a different tack regarding priorities. It depicted the purge of officials, stepped-up attention to party discipline, and similar measures as means to the more important goal of advancing Deng's reform program "even more courageously and freely." It warned that immediate undertakings must not lead to a slackening of reform efforts, confinement of people's thinking, subjection of the economy to rigid controls, revival of old ideologies and systems, or the blocking of channels to other countries.

Two Halves of a Whole, or Continuing Disagreement? The editorials just before and after the plenum might be read as two halves of an agreed position, but the lack of balance in the communique itself is noteworthy. The communique and other documents circulated for study, including statements by Deng, focused almost entirely on ideological themes, without reference to continuing reform. Moreover, the most recent editorial openly admitted the existence of "misgivings" as to whether the reform program should continue in the wake of recent events. Different emphases appear in statements of support for plenum decisions sent in by central and local organs.

Deng's June 8 speech, which set the themes for the plenum and the editorials, seemed to be trying to strike a balance—to define a centrist position and rebuild leadership consensus. Media play and leaders' comments on his speech even before the plenum varied significantly, however. These differences

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reflect the fundamental contradictions inherent in Deng's effort to preserve his program—and his own position—yet discard the bold reform wing of the party.

Greater Consistency on Foreign Policy. Statements on foreign policy, however, are consistent, eschewing anti-Western invective and affirming the importance of the open policy. The plenum communique asserted the Central Committee's conviction that friendly ties with all countries would continue to develop and avoided anti-Western innuendo and criticism of the US that persists in nonauthoritative media.

The June 25 editorial was effusive in emphasizing the centrality to China's future of opening up the country and learning everything useful from all countries. The consistency and tone of statements on foreign policy may reflect either Deng's determination to preserve that aspect of his program or agreement among the contending factions to limit the already considerable damage to China's international position.

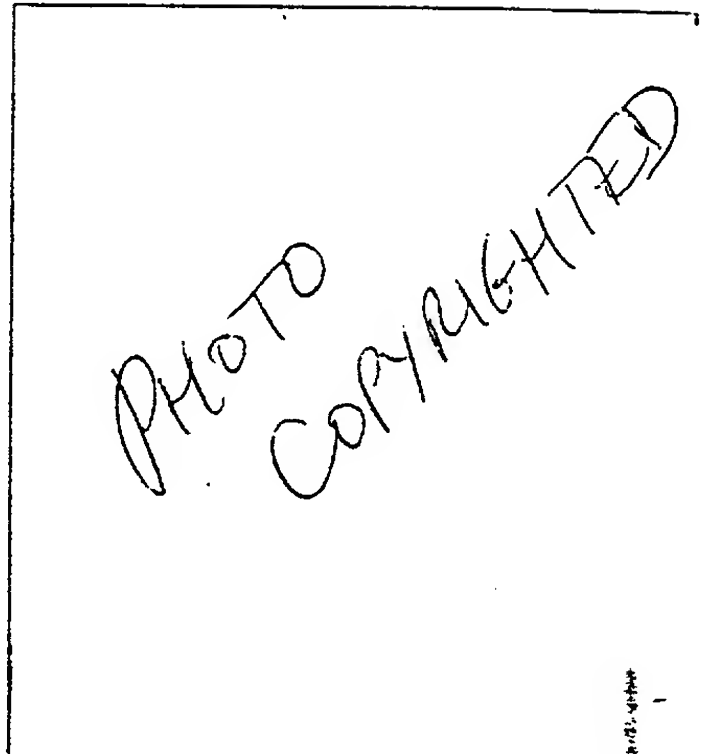
(C) Defensiveness Suggests Low Confidence

China's posture, both at home and abroad, remains defensive. [REDACTED]

[REDACTED] In foreign policy, China remains prickly, as evinced by recent statements by Yang Shangkun, Li Peng, Li Xiannian, and others that China will not succumb to pressure from abroad and will find its own road to modernization.

At home, media are conducting a full-court press to convince people that the leadership's actions against prodemocracy demonstrators were necessary, moderate, and appropriate, and that the unrest was fomented by such "traitors" as Fang Lizhi with support from anti-China elements abroad. Many remain unconvinced and are demanding renewed attention to reform.

Personnel Changes Incomplete. Although the plenum picked a new party chief and restaffed the Politburo Standing Committee and Secretariat after the purge of Zhao and his associates, it did not elect any new Politburo members or select a replacement for Zhao in the Military Commission. Moreover, a



President Yang Shangkun

number of Central Committee members may be under investigation for supporting student protests. If judged guilty, they could be removed.

A party congress—or "representative conference," an interim forum used in 1985 to reshuffle the leadership—will be needed to make these changes. Leaders probably will aim to convene such a meeting in the fall; most of the summer will be spent skirmishing over who will be promoted, demoted, or removed. Leaders may also discuss high-level government changes as part of a package deal. These changes probably would not take place formally until next spring.

Wrangling Over the Purge. The party's Central Discipline Inspection Commission has ordered a wide-ranging examination of party members' conduct during recent unrest and called for stiff discipline—including removal from the party—of those who took too soft a stance. At the same time, police, party officials, and government agencies will be investigating rank-and-file bureaucrats, low-level officials, journalists, intellectuals, college faculty, and workers.

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The scale of the inquisition—[REDACTED] is said to have told a foreign visitor that some 70,000-80,000 would be targeted—as well as the nature of charges leveled and the punishments assessed will become politically charged as hardliners try to gin up an anti-reform campaign. A continued crackdown, including more executions, will also complicate China's efforts to get foreign relations back on an even keel.

(C) Longer Term Prognosis

Society. The leadership will debate for some time the momentous impact on China's future and Deng's reform program of the tragic events of early June. The probability is high for continued leadership instability, punctuated by deaths of elders.

The bureaucracy and intelligentsia will remain demoralized if not defiant; the work force sullen; and the student population totally alienated and increasingly engaged in underground and radical dissident activity. There is probably little residual faith that the regime can be counted on to move forward on demands for political freedoms, an open and accurate press, and an end to official corruption.

Economy. The power struggle in Beijing will continue, precluding new policies to address economic problems. Deng's program is being reaffirmed, but it will be redefined in more conservative terms. Uncertainty and timidity among economic managers and bureaucrats, and caution among foreign investors, may slow the pace of economic growth somewhat, but the conservative program will do little to address the economy's basic problems.

At the same time, pressure to increase subsidies to forestall social unrest will exacerbate the government's budget deficit, reduce funds for investment in needed infrastructure, and stimulate inflation. The extent to which Deng will be willing or able to resist conservative pressures for a rollback is unknown.

Foreign Policy. China's relations with the West will be strained by continuing deterioration of the economy, tensions in society, and anti-Western rhetoric resulting from political infighting. Chinese conservatives tend to favor minimizing dependence on the

international economic system (while, however, pursuing economic ties with all countries) and eschewing close political or military entanglements with the great powers.

An internally repressive regime in China does not necessarily portend a strategic shift in relations with the United States and the Soviet Union. Several of the elders and military leaders now regaining political influence have been more reluctant than Deng to downgrade the threat from the Soviet Union, and the new regime may be even less responsive to Soviet appeals for negotiation of confidence-building measures.

Commanders eager to capitalize on their new political clout by increasing the military budget will be reluctant to undercut that possibility by playing down the Soviet threat. Moreover, those who have led the decade-long effort to modernize the People's Liberation Army (PLA) do not want further to jeopardize military ties to the US.

Sino-Soviet political rapprochement was expected to be slow even before the unrest in China; it is now likely to proceed at a snail's pace. Gorbachev had been maneuvering to develop a "special" relationship based on common socialist goals. The Chinese were responding minimally and only in the guise of discussing economic and political reform.

Gorbachev may now want to keep his distance from the [REDACTED] Chinese regime. For their part, hardliners in Beijing have no interest whatsoever in emulating Gorbachev's political reforms; many view retrenchment as preferable to further economic reform.

(C) International Reaction to the Crackdown

China's Relations With Developed Countries Seriously Damaged. The considerable international network of political and economic ties which China developed over the past decade has been seriously damaged. The almost-universal revulsion to the brutal suppression of the prodemocracy movement and the ensuing purge will make it difficult for Beijing to begin an effective salvage operation. Many countries, in-

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cluding most of China's major trade partners, have supported their condemnation with concrete punitive actions but have stopped short of trade sanctions.

Even without trade sanctions, trade and investment from Western Europe and Asia will be adversely affected if China's hardliners choose ideological purity and self-reliance over interdependence. China's credentials as a socialist reformer are being called into question not only by West European communists but also by progressives in Eastern Europe and, to a lesser extent, in the Soviet Union. Support from the remaining conservative socialist regimes will be scant comfort to Deng's hopes of continued modernization.

The UN and International Organizations. UN Secretary-General Perez de Cuellar, while noting the UN mandate not to interfere in internal affairs, was "greatly saddened" by the violence in China. Both the US and the USSR agree that the issue is not appropriate for Security Council consideration. The WEOG (Western European and Others Group) members will individually call for stronger criticisms from the Secretary-General and designated UN human rights rapporteurs.

Such international financial institutions as the World Bank and the ADB, which play an important role in the Chinese economy, have postponed consideration of pending loans to the PRC, citing the uncertain economic outlook. New credits and investments undoubtedly will be subjected to careful scrutiny even after activity resumes on existing obligations.

Western Europe Unites in Condemnation. West European countries—together and individually—have expressed their condemnation of the government violence in China, generally following the lines of the US response. The European Community acted quickly to cancel economic consultations with China's trade minister on June 5, warning that "cooperation between China and the Community can only suffer."

The EC summit on June 26-27 took unusually strong action, calling for suspension of military cooperation, arms trade, and high-level contacts; postponing of new cooperation projects; and a review of cultural, scientific, and technological cooperation. The EC Council also supported postponement of new World

Bank credits. Public pressure played an important role in the EC sanctions, particularly in Italy where Prime Minister Andreotti had argued for a cautious approach for fear of permanently damaging relations.

Switzerland has suspended arms sales to China, and Austria has announced a freeze on relations. Sweden and Denmark have suspended development assistance and, with Norway, have canceled various official visits with China.

The Finnish press has criticized the government for not taking any action against China. Along with Norway, Finland has denied Chinese reports—part of a propaganda offensive meant to show that business is being conducted as usual—that it approved new loans to the PRC in June.

Canada, Australia, and New Zealand. All three countries have canceled high-level visits with the PRC, including an Australian ship visit, with Canada going one step further by suspending military relations and temporarily recalling its Ambassador for consultations. Australia and Canada are also cutting off financial assistance for new projects. As popular destinations for Chinese students, all three countries will consider extending student visas as necessary. Australia and Canada—along with the US, United Kingdom, and Japan—have provided asylum or refugee status to several Chinese diplomats and dissidents involved in the demonstrations.

Potentially Serious Economic Fallout. According to PRC statistics, the EC in 1988 overtook Japan as China's second largest trade partner. Several European countries, including West Germany, Italy, Belgium, Sweden, and Denmark, individually suspended development assistance to China to protest the killings in Beijing and the ensuing executions. Canada and Australia are postponing new foreign assistance projects.

Without soft loans and government-backed credits worth several hundred million dollars, the viability of many joint-venture projects will be called into question. The Coordinating Committee for East-West Trade Policy (COCOM) has agreed to suspend deliberation on whether to relax further restrictions on exports to China until the fall.

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Japan and South Korea. Official reaction to the events in China by both Japan and South Korea has been more muted than that by Western countries. Japan has escalated its response from "serious concern," to describing the use of force as "unacceptable from a humanitarian standpoint," to "condemning the killings." Japan has hinted that suspension of development assistance could continue even after "stability" is restored. Tokyo is opposed to imposing economic sanctions for fear both that criticism will drive China toward Moscow and that Japanese business representatives would be harmed.

South Korea also has expressed "grave concern" but has not taken any punitive steps. Then-Prime Minister Uno and Democratic Justice Party Chairman Pak Chun-Kyu agreed during a July 11 meeting that steps should not be taken at the July 14 Paris summit to isolate China internationally. Foreign Minister Choi promised to continue efforts to improve relations with China. Several South Korean joint ventures have suspended operations, but civil aviation talks reportedly are continuing.

Although a few companies in Japan and South Korea may try to take advantage of Chinese efforts to reassure foreign businesses by offering "good deals," private business decisions in both countries undoubtedly will be chilled by uncertainty about China's stability.

Reaction in the Socialist World. A *People's Daily* editorial on Deng's June 9 speech analyzing the causes of the "counterrevolutionary rebellion" heralded his remarks as important to the "smooth development of the international communist movement." In reality, the apparent conservative victory in China is bucking the tide of socialism which is moving toward greater political pluralism and has damaged China's reputation as a progressive socialist nation.

Moscow's Reaction—Subdued Disappointment: Moscow's official comments, as represented by the Congress of Deputies, have been confined largely to general statements hoping for continued reforms and common sense. During the May 15-18 summit in Beijing, Gorbachev called for a dialogue with the students. A month later in Bonn, Gorbachev expressed his "regret" over developments, noting that an anti-

reform backlash would be "immensely harmful" to international trends toward relaxing tensions. He also implied that the students were not in fact counter-revolutionary.

Vice Foreign Minister Rogachev has expressed concern that the pace of improvement in Sino-Soviet relations will be slowed, a likely result of Beijing's preoccupation with its domestic crisis and the renewed importance of a PLA traditionally wary of the Soviet Union. Boris Yeltsin and Andrei Sakharov both decried Beijing's actions as a crime against the people, drawing parallels to Moscow's repression of demonstrations in Tbilisi.

Privately, Soviet reaction has been quite critical. [REDACTED] blamed the "stupidity" of the Chinese leadership for letting tensions build too high. Several Soviet diplomats have expressed support for the students and regret that they cannot speak out publicly for fear of harming Sino-Soviet relations. One officer described Chinese actions as "dirtying the name of communist parties everywhere."

Although Moscow would not be averse to profiting from tension in China's relations with the West, Soviet Ambassador to China Troyanovskiy reportedly told Vice Premier Tian Jiyun that the USSR was in no position to step into the West's economic shoes if sanctions cut off PRC access to science, technology, and trade. Gorbachev hopes that ties with Beijing can be solidified without endangering Soviet ties to the West, but he is sensitive to charges that Soviet failure to criticize China is based on expediency rather than principle.

Socialist Condemnation of China: Hungary, Poland, Yugoslavia, and the West European communist parties have all been sharply critical of the military crackdown in Beijing. Hungarian General Secretary Grosz stated that the Chinese Government's violent response "has nothing to do with socialism."

Privately, reformers throughout Eastern Europe are concerned that their conservative opponents will cite China as proof of the danger of reform. Communist parties in France, Italy, Greece, and Finland

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condemned the violence in Beijing as an affront to socialist principles.

Mild Support From Hardline Regimes: East Germany has been most sympathetic to China's suppression of "anticonstitutional elements," because China now provides an example of what it perceives as the dangers of reform. Other countries like North Korea have limited their comments to quoting the Chinese version of events and noting that the crisis is purely an internal affair. By waiting until mid-June, when the conservative victory in Beijing became apparent, Czechoslovakia, Romania, and Bulgaria could avoid negative comment, choosing instead to welcome the apparent return to stability. The exception was Albania, which criticized reforms in both the Soviet Union and China as extending power through violence.

Third World Reaction. The official Third World response to the crackdown in China was characterized by silence or expressions of regret which were tempered by unwillingness to intervene in China's internal affairs. Condemnation in the press was strident, with the exception of communist countries.

Southeast Asia. Southeast Asian countries are concerned that the power struggle in Beijing could affect China's role in the search for a settlement in Cambodia—for better or for worse. Optimists hope that Chinese leaders, preoccupied with internal developments, will seek regional stability by reducing support for the Khmer Rouge. Pessimists fear that hardliners will take a stronger anti-Vietnamese line, in part to divert attention from domestic woes.

Some, notably Indonesia and the Philippines, also fear a resumption of Chinese aid to regional communist movements. Vietnam, vulnerable both to direct Chinese pressure and to prodemocracy stirrings, has been exceptionally cautious in reporting on events in China. In member countries of the Association of Southeast Asian Nations (ASEAN), media have harshly condemned the Chinese Government, in contrast to more circumspect official reactions.

Thai officials have been most concerned about changes in the Chinese attitude toward a Cambodia settlement, despite official PRC assurances that

China's position is unchanged. Thai military officers may be having second thoughts about their growing dependence on Chinese equipment, but existing investments and advantageous prices have built a momentum that would be difficult to reverse.

The official Thai reaction was restrained. Prime Minister Chatchai was "saddened," but described the Chinese crackdown as an internal affair. He reportedly also said that Thailand could benefit from trade and investment that might otherwise go to China, a view that has drawn widespread public and media criticism. Editorials drew parallels with the public pressure that forced Thai military dictators to make way for democracy. PRC-affiliated Hong Kong papers that condemned martial law have appeared in Bangkok for the first time in decades, while local Chinese-language papers that support the Beijing line (allegedly under Chinese Embassy pressure) have lost sales.

Philippine Government reaction also has been muted, constrained by fears that angry Chinese leaders could retaliate with a tougher stand on the disputed Spratly Islands or with a resumption of aid to the New People's Army. Officials stress that bilateral ties will remain unchanged, but efforts in the House of Representatives to upgrade relations with Taiwan may be stepped up.

Public and press condemnation of the Beijing events, on the other hand, has been very strong. Filipinos saw many parallels between China's democracy movement and their own peaceful revolution in 1986 and were horrified when the PLA—unlike the Philippine Army—crushed the protests. Thousands from the Chinese community, representing more than 170 associations, burned Deng in effigy.

The Chinese tragedy could bring windfall benefits to the Philippines in two ways. Philippine officials and business representatives, like their Thai counterparts, are eager to attract Asian and Western investment that otherwise would have gone to the PRC. The government also is moving to channel popular revolution against Philippine Maoist insurgents. The head of the main communist-front labor federation played into their hands by condoning the massacre, deepening existing rifts within the communist movement.

Indonesian military and intelligence officials, always suspicious of Chinese intentions; have used the crackdown to justify denying progress toward normalized relations. President Suharto and Foreign Minister Alatas favor improved ties but will move forward cautiously. The government's mild official response was criticized in the press—both as a slap at Jakarta's noninterference policy and to give broader coverage to the events in China.

Malaysian leaders fear that expressions of solidarity with the students in Beijing by their Chinese minority community could affect their country's delicate ethnic balance. Prime Minister Mahathir said only that he hoped the unrest in China could be resolved quickly, but most media condemned the "bloodbath" in Beijing. Despite official discouragement, some students did demonstrate, and Malaysian Chinese groups delivered protests to the PRC Embassy.

Singapore issued ASEAN's strongest official condemnation. Prime Minister Lee Kuan Yew condemned the use of force against unarmed civilians. But officials also have privately warned the US of the futility of sanctions and the difficulty of restoring damaged ties. They caution against fostering an isolation that suits the vested interests of the CCP old guard and feeds Chinese xenophobia.

There has been little public reaction, but the Singapore press has given mainland events extensive critical coverage and reprinted the most vitriolic Hong Kong stories. Singapore also hopes to gain from China's difficulties and has sought to attract the brightest and best of Hong Kong Chinese now anxious to emigrate.

Vietnam has carefully avoided either condoning or condemning Chinese actions. Vietnamese media have generally carried only official PRC accounts of Chinese events, avoiding comment on either the demonstrations or the crackdown. Government spokesmen forcefully contradicted a BBC report that Hanoi had publicly supported the Chinese actions, however, stating that the matter was an internal Chinese affair. In addition, Hanoi's *Armed Forces Daily* quoted non-PRC sources describing troops firing on students. Perhaps influenced by events in China, Vietnam's

leaders quickly caved in to recent student demonstrations demanding increased living subsidies.

According to a Xinhua report of a June 17 meeting between Vice Chairman Vo Nguyen Giap and the Chinese Ambassador, Giap "believed China will...restore social stability...under the leadership of the CCP and the Chinese Government." Hanoi's careful adherence to a policy of neutrality and nonintervention reflects the complexity of its historical relations with its giant neighbor. A major concern of Hanoi is to continue to try to repair relations with the PRC. Still more worrisome is the prospect that the Chinese military, emerging from the power struggle with much greater political authority, might harden Beijing's stand on Cambodia, or even resume the border war.

Laos, like Vietnam, has offered its people only limited and neutral coverage of events in China, fearing that a Chinese policy shift could destroy the Cambodian peace process.

Burma's military leaders, who brutally suppressed mass demonstrations for democracy in Rangoon last year, expressed "understanding and sympathy" for the Chinese Government's policy on the "counterrevolutionary rebellion" in a meeting with the Chinese Ambassador. Official media have largely ignored the events in China, but people in the cities at least are well informed, thanks to VOA, BBC, and All India Radio.

South America. South American reaction has been varied, generally negative but forgoing strong condemnation. Reaction ranged from protests in Mexico during Chinese Foreign Minister Qian Qichen's visit to praise from Cuba for the suppression of counterrevolutionaries.

The Chinese Government suspended President Yang Shangkun's visit to Mexico, and the Mexican Foreign Secretary's visit to Beijing was canceled. At Taiwan's behest, those nations that maintain diplomatic relations with Taipei—except for Panama and Haiti—also have condemned China.

Qian's Seesaw Visit: Qian was in South America during events in Tiananmen, visiting a few

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countries before his planned—and subsequently canceled—visit to the US. His reception was mixed—Cuban sugar contrasted with hurled Mexican tomatoes—but his message was balanced. In Ecuador, Qian said student demands were reasonable but it was necessary to reestablish public order. Qian said the policy of openness would remain and foreign policy would not change.

Ecuadorian officials appeared relieved that Qian left without incident. President Borja's planned October visit is now uncertain. The Ecuadorian Foreign Ministry—after Qian's departure—expressed "grave concern" at the violence and loss of lives and hoped dialogue would resolve problems.

Cuban media portrayed events in China favorably to reflect Beijing's hard line, partly as a sign of warming Sino-Cuban relations: Qian's was the first-ever visit by a Chinese Foreign Minister, and during the visit the PRC signed agreements to open consulates in Shanghai and Santiago.

Castro also used the media reaction to reflect his ideological world view. Castro has not welcomed the winds of *glasnost*, and he considered the crackdown in Tiananmen a good preemptive lesson to would-be reformers at home. Cuban media also have stressed the anti-interventionist angle.

Privately, however, a Cuban official praised President Bush for his insight into Chinese complexities and expressed grave reservations on use of the PLA to suppress demonstrators.

El Salvador and Costa Rica—at Taiwan's behest—officially denounced the PRC. Neither has diplomatic relations with Beijing. Media in other countries have condemned the PRC but, as with Asian media, made the point that economic development forces democratic processes and that such lessons are relevant at home.

Iran Blames the US. The most unusual analysis from a country that enjoys friendly relations with China was in the Iranian press. Zhao was portrayed as the victim of an American plot. Because of his "reformist views, flexibility and leniency, he became a victim of

the American conspiracy in China and paid a heavy price for it." The popular unrest, the commentary alleged, was "led unknowingly by agents of the Western world, especially the US, toward its own goals."

The irony is that Deng and his cohorts view Iran's militancy with the same enthusiasm they regard the Cultural Revolution. They are afraid of China generating its own Khomeini in response to popular frustrations.

South African Analogy. One commentary made the obvious analogy to South Africa's own political situation and scored the necessity for dialogue and reform, calling for "negotiations...dialogue, and of consensus between those who govern and those who are governed."

(C) The Chinese Response

Initial reaction of the beleaguered PRC leadership to foreign criticism was dismissive. On June 29, the Ministry of Foreign Affairs spokeswoman strongly criticized the EC summit sanctions as "rash," "presumptuous," and "unreasonable acts" which "jeopardize bilateral relations." She then echoed comments by Yuan Mu and others that attempts to pressure China were unwise and futile. After the Group of 7 summit in Paris condemned China's repression, a *People's Daily* editorial said despite disagreement over Chinese and Western values, China's importance as a global strategic and economic actor should be the basis for policy toward the PRC.

A June 7 conference for China's ambassadors and chiefs of mission faced the unenviable task of formulating a response to the overwhelmingly unfavorable foreign reaction. China's ability to stem the damage to its foreign relations will depend on the extent of the ongoing purge, which, for the foreseeable future, will take priority over international relations.

Prepared by C. Clarke, 847-1343, C. L. Hamrin, T. Finger,
D. Kingeland, S. Barnes

Approved by H. Meyers, Acting
847-2402

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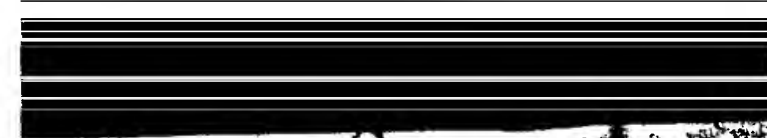
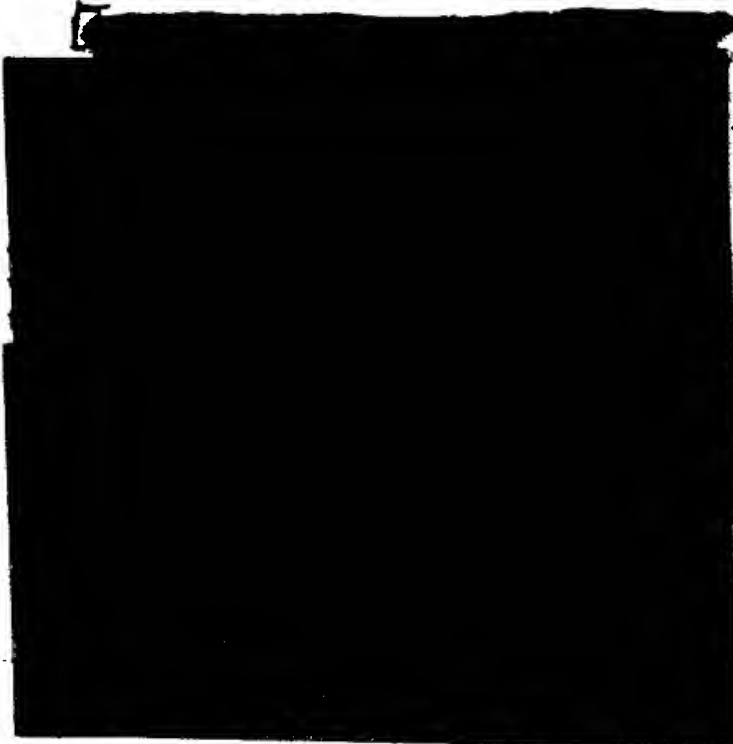
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(C) Appendix: China's New Leaders

Jiang Zemin

Urbane, energetic, and occasionally flamboyant, Jiang Zemin is probably the most "Westernized" of China's top leaders. Jiang's flamboyance and large ego are indicated by an incident in 1987 when he rose from the VIP rostrum at Shanghai National Day festivities to conduct a symphony orchestra in a rousing version of the *Internationale*, complete with flashing lights and clouds of smoke.

Jiang speaks good English and Russian, fair Romanian, and a smattering of other languages; is a connoisseur of painting and both Chinese and Western literature and music; and plays the piano and bamboo flute. He is a natty dresser who generally enjoys give-and-take in exchanging views with foreign visitors, usually wears a big smile, and—rare for a Chinese politician—likes to touch the people with whom he is talking. He has visited the US several times, most recently in 1987.



Both in 1986-87 and during the recent unrest, Jiang took a moderate tack with students, trying to talk with them and working behind the scenes to minimize disruption and violence. Taking his cue from Deng Xiaoping's hardline statements, Jiang closed down the *World Economic Herald* in April; but he declined to use force against protesters or declare martial law in Shanghai.



Jiang has strongly endorsed the central government's actions in Beijing and is said to have been in charge, even before his promotion to General Secretary, of Beijing's effort to convince the public—at home and abroad—of the official version of what happened in June.

Song Ping

A longtime expert in economic planning and labor affairs, Song Ping is now in charge of top-level party personnel matters. At age 72, he is one of the active leadership's older members and he is a close associate of Vice Premier Yao Yilin and party elder Chen Yun. Song has a reputation for being upright and

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incorruptible. His promotion will add conservative ballast to the Standing Committee.

Li Ruihuan

One of the leadership's few self-made men, Li Ruihuan (55) is one of seven children from a poor peasant family. As a young adult he became a carpenter and "model worker," later educating himself in math and geometry and attending night school to study architecture. Through the 1970s he continued a slow rise in the construction industry—he was in charge of building the Mao mausoleum in 1976—and the trade unions.

In 1981 he became vice mayor of Tianjin, a major industrial city near Beijing. He became mayor in 1982 and municipal party chief in 1987. He also joined the Politburo in 1987. As mayor, he has strongly supported the "open door," including the construction of a development zone that offers some of the most liberal and attractive terms available in China to foreign investors.

A skilled politician, Li has cultivated an image as the "people's mayor," holding frequent dialogues with common folk and publishing annual lists of goals for and achievements in improving city life. Often rumored as a strong candidate for a top job in Beijing, Li has shunned a transfer to the capital, reportedly quoting a Chinese proverb that "A man dreads fame like a pig dreads being fat." Although Li has continued to appear in Tianjin since the plenum, his elevation to the

Politburo Standing Committee and Secretariat and his responsibility for propaganda affairs almost certainly will require the "dreaded" transfer.

Li has many high-level connections, including close relationships with reformers Wan Li, Hu Qili, the late Hu Yaobang, and trade union chief Ni Zhifu. In 1986 Deng visited Tianjin and highly praised the city and its mayor for promoting foreign investment. Deng also praised Li's stern handling of student demonstrators in 1986-87; Li reportedly warned students that they would be expelled from school and given poor job assignments if they demonstrated. During the recent spate of protests Li apparently took a moderate approach. Tianjin was not a hotbed of student activism (suggesting Li may have issued warnings like those in 1986-87), but Tianjin students did play an active role in Beijing's protests and Li did not resort to force to control unrest in his city.

Ding Guangen

A transport specialist, Ding (59) owes his rise to Deng's patronage. He was elected an alternate member of the Politburo in 1987. Reportedly one of Deng's bridge partners, Ding became Minister of Railroads in 1985 but resigned in 1988 after accepting responsibility for several fatal train accidents. Ding languished in limbo for several months before being appointed First Vice Minister of Planning. In late 1988 he was also put in charge of the State Council's Taiwan affairs office. He will probably replace the ousted Yan Mingfu in charge of "united front work," that is, liaison with noncommunists, minorities, and overseas Chinese.

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TELEGRAM

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E.O. 11652: GDS

TAGS: PFOR, AR

SUBJECT: RECOGNITION OF NEW GOA

REF: BA 2076 (NOTAL) ✓

1. FOREIGN MINISTRY INFORMED US THIS AFTERNOON (MARCH 31) THAT 52 STATES HAVE RECOGNIZED NEW GOVERNMENT SO FAR. ALL SCANDINAVIAN COUNTRIES, IRAN, GABON, IRELAND, NORTH KOREAN, RED CHINA, ALBANIA, LEBANON, AND COLOMBIA, AMONG OTHERS, HAVE EXTENDED RECOGNITION SINCE REFTEL. VENEZUELA STILL HAS NOT DONE SO, BUT SINCE WE UNDERSTOOD BOGOTA AND CARACAS WERE COORDINATING MATTER OF RECOGNITION, WE ASSUME THAT AS FIRST HAS RECOGNIZED, SECOND WILL DO SO SHORTLY. PANAMANIAN AMBASSADOR STILL INDICATES HE EXPECTS MOMENTARILY TO RECEIVE INSTRUCTIONS TO PRESENT RECOGNITION NOTE.

2. MEXICO HAD INDICATED EARLIER THAT IT WOULD APPLY ESTRADA DOCTRINE AND THUS RECOGNITION WAS AUTOMATIC. IT HAS SUBSEQUENTLY INDICATED THAT DIPLOMATIC RELATIONS TOO WILL BE CONTINUED. HOWEVER, SOME 28 ASYLEES MANAGED TO GET INTO
PAGE 02 BUENOS 02157 011408Z

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MEXICAN EMBASSY BEFORE TROOPS SEALED IT OFF. PROBLEM OF WHAT TO DO WITH THEM COULD RAISE FUTURE IRRITATIONS BETWEEN TWO GOVERNMENTS.

3. SOVIET UNION HAS NOT YET RECOGNIZED. SOVIET DCM, HOWEVER, CONTINUES TO MAINTAIN THAT HE ENVISAGES NO PROBLEMS AND EXPECTS INSTRUCTIONS SHORTLY. IF AND WHEN USSR RECOGNIZES, WE WOULD EXPECT EASTERN EUROPEAN COUNTRIES TO FOLLO SUIT, THUS BRINGING NUMBER OF RECOGNITIONS CLOSE TO 60-- AND ARGENTINA MAINTAINED RELATIONS WITH ONLY 64 COUNTRIES BEFORE COUP.

4. QUESTION OF CUBAN RECOGNITION IS PUZZLING ONE (SEE REFTEL). FOREIGN MINISTRY TODAY TOLD US CUBAN RECOGNITION WAS "CONDITIONAL," BUT WOULD NOT ELABORATE FURTHER. SOME REPORTS HAVE INDICATED JUNTA IS CONSIDERING WAYS AND MEANS TO BREAK OR BRING ABOUT SEVERANCE OF RELATIONS WITH CUBA. SO FAR, HOWEVER, WE HAVE NO CONFIRMATION OF THOSE REPORTS. HILL

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MRS. JOVA

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THE HONORABLE MIKE MANSFIELD
UNITED STATES SENATOR FROM MONTANA

MRS. MANSFIELD

THE HONORABLE CLEMENT J. ZABLOCKI
UNITED STATES REPRESENTATIVE FROM WISCONSIN

MRS. ZABLOCKI

THE HONORABLE WILLIAM D. ROGERS
UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS

MRS. ROGERS

THE HONORABLE HARRY W. SHLAUDEMAN
ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

MRS. SHLAUDEMAN

THE HONORABLE DENNIS E. CARPENTER
STATE SENATOR OF CALIFORNIA

THE HONORABLE DENNIS E. CARPENTER, STATE SENATOR OF CALIFORNIA, REPRESENTING THE 36TH SENATORIAL DISTRICT, ORANGE AND SAN DIEGO COUNTIES. ACTIVE IN THE REPUBLICAN PARTY IN CALIFORNIA SINCE 1962. ELECTED TO THE STATE SENATE IN 1970. REELECTED IN 1974. CHAIRMAN OF THE SENATE REPUBLICAN CAUCUS.

MRS. MADINE CARPENTER

THE HONORABLE PETE WILSON
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PAGE 03 STATE 289969 TOSEC 310119

MAYOR OF THE CITY OF SAN DIEGO

THE HONORABLE PETE WILSON, MAYOR OF THE CITY OF SAN DIEGO, GRADUATE OF YALE (1955) AND UNIVERSITY OF CALIFORNIA SCHOOL OF LAW AT BOALT HALL (1962). ELECTED TO THREE TERMS OF THE CALIFORNIA ASSEMBLY, 1966-1971. ELECTED MAYOR OF SAN DIEGO IN 1971.

MRS. BETTY WILSON

MRS. EDITH GREEN OF PORTLAND, OREGON

MRS. EDITH GREEN, US REPRESENTATIVE OF THE 3RD CONGRESSIONAL DISTRICT, OREGON (PORTLAND), 1955-1975. RETIRED LAST YEAR. CURRENTLY A MEMBER OF SEVERAL EDUCATIONAL ADVISORY BOARDS.

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MR. LEON W. PARMA OF SAN DIEGO, CALIFORNIA

MR. LEON W. PARMA, PRESIDENT OF LYON ELECTRIC COMPANY, INC., SAN DIEGO, CALIFORNIA (MANUFACTURES ELECTRICAL EQUIPMENT FOR POULTRY, FARM, FACTORY, AND EDUCATIONAL USE). EXECUTIVE MANAGER OF CALIFORNIA STATE JUNIOR CHAMBER OF COMMERCE AND SAN DIEGO CHAMBER OF COMMERCE.

MRS. BARBARA PARMA

MR. SYLVAN MARSHALL

MR. SYLVAN M. MARSHALL, SENIOR PARTNER IN THE LAW FIRM OF MARSHALL, LEON, WEILD AND MOHONY, WITH OFFICES IN NEW YORK AND WASHINGTON. HE HAS BEEN DECORATED BY A NUMBER OF FOREIGN COUNTRIES FOR LEGAL SERVICES, INCLUDING MEXICO AND IRAN. HE IS HONORARY CONSUL OF FINLAND IN WASHINGTON.

MRS. MARA MARSHALL

ROBINSON

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*** Current Classification *** ~~LIMITED OFFICIAL USE~~

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EXCISE

DEPARTMENT OF STATE
WASHINGTON

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SECRET

April 21, 1979

P 31, 15d

EXDIS

MEMORANDUM FOR: The President

FROM: Warren Christopher, Acting W.C.

SUBJECT: Your Meeting with Indian Foreign Minister
Vajpayee, April 24, 1979, 11:00 a.m.

Setting

Your meeting with Foreign Minister Vajpayee is an important element in our efforts to convince the Indians that we continue to want a close relationship with them, that our overall objectives coincide with their's, and that it is essential for India to be a part of some long-term solution involving Pakistan if South Asia is not to become a nuclear weapons arena. We do not wish to make any specific proposals to Vajpayee until we can determine whether Pakistan is willing to reconsider its programs in the context of broader regional arrangements. We do, however, want to lay the groundwork for a more detailed dialogue with India in the future.

Bob Goheen and Cy will be joining you and Zbig at your meeting. Vajpayee will be accompanied by Foreign Secretary Mehta and Ambassador Palkhivala.

You have met the Foreign Minister (biography attached) during your visit to India in January 1978 and during Prime Minister Desai's return visit to Washington in June 1978. While a strong nationalist, Vajpayee favors genuine non-alignment and is attacked by the Indian left as pro-American.

Vajpayee's Interests

Desai and Vajpayee are concerned that the United States may move away from India as it reacts to developments in Iran and Afghanistan and seeks to reassure Pakistan. They also are sensitive to what they perceive as a U.S. tilt towards China at the expense of overlooking India's interests and concerns.

Drafted by:

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Clearances: P:DDNewsom
S/AS:GSmith (subs)
OES:TPickering (subs)
S/P:PKreisberg (subs)

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Vajpayee's secondary objective is likely to be to seek assurances that the next nuclear fuel shipment for Tarapur will be approved. This will be difficult due to growing NRC concern that no progress has been made on the safeguards issue and India might reprocess US origin spent fuel if we cut off further supplies. The Russians have offered to supply Tarapur with continued local, but not full scope, safeguards.

Finally, Vajpayee will probe to see if we intend to seek new military alliances in the area, a Fifth Fleet or other enhanced military presence in the Indian Ocean or covert involvement in Afghanistan. The Indians share our concern about Soviet regional pressure but are inclined to rely on local nationalistic forces as the most effective way to deal with great power intrusion.

Our Approach

It seems to me the best use of your time is to help Vajpayee understand your strategic perspective and how we must bring together in one policy a variety of global and regional interests. We need somehow to persuade the Indians that our interests require a policy that includes both cooperation with Pakistan and a close relationship with India. We have to break away from the syndrome of the past that a move toward one is a move against the other and enlist India in an understanding that a regional policy is the only way to deal with the key outstanding issues:

- Non-Proliferation. We agree with India that the global objective is to avoid a dangerous and uncontrolled spread of nuclear weapons. The issue for us with India is how to carry that out:
 - (a) in the context of our obligation to deal with the Soviet nuclear threat, (b) in the context of regional security situations, and
 - (c) in the context of India's unwillingness

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to accept discriminatory restrictions on its nuclear activities and its desire to avoid a nuclear arms race in South Asia.

- Security. It is a paramount principle of U.S. foreign policy that each nation should be free from intimidation and domination to work out its own future. We want India to understand that we cannot be indifferent to Soviet efforts to exploit citizens in Afghanistan, Iran, and South Yemen, but at the same time we do not want to allow our efforts to help nations defend against that threat to skew our other interests. We need to persuade Vajpayee that a good relationship with India is very important to us and also that it is in everyone's interest for us to maintain our relationship with Pakistan, even if we have to sell Pakistan some arms.

Checklist of Points to Cover

Global Perspectives

- This Administration is not seeking a confrontation or arms competition with the Soviet Union.
- We intend to pursue our efforts towards SALT and CTB agreements as steps in checking vertical proliferation.
- We are seeking a global regime for control of nuclear weapons which is fair to all states.
- We cannot, however, remain indifferent to the concerns of our friends with Soviet activities in Yemen and Afghanistan as well as Soviet obstructionism in the Middle East and Iran.
- In a global context, we attach the greatest importance to our relationship with India because we believe that our global and regional objectives are compatible.

South Asia

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Middle East

-- Frankly, we were disappointed to hear of your negative comments on the Egyptian-Israeli peace treaty. We have a long way to go but this was an essential first step and we would hope that India could note this publicly as well as privately. We also hope that India will resist attempts by some in the nonaligned to "punish" Egypt.

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THE SECRETARY

D:WCHRISTOPHER
NEA:HSAUNDERS

S/S: FUISNER

IMMEDIATE NEW DELHI
PRIORITY ISLAMABAD

E.O. 11652: GDS, 4/12/85 (MIKLOS, JACK C.)

TAGS: PEPR, IN, US

SUBJECT: FOREIGN MINISTER VAJPAYEE'S VISIT TO WASHINGTON

1. {C} ENTIRE TEXT.

2. PLEASE PASS THE FOLLOWING MESSAGE FROM THE SECRETARY TO FOREIGN MINISTER VAJPAYEE.

QUOTE:

DEAR MR. MINISTER:

I AM VERY MUCH LOOKING FORWARD TO YOUR VISIT TO WASHINGTON LATER THIS MONTH TO REVIEW THE WORK OF THE INDIAN-U.S. JOINT COMMISSION. I BELIEVE THAT THIS WILL ALSO PROVIDE US AN OPPORTUNITY TO DISCUSS OTHER ISSUES OF MUTUAL CONCERN. THESE INCLUDE DEVELOPMENTS IN AFGHANISTAN AND IRAN, AS WELL AS THE MIDEAST AND SOUTHEAST ASIA, AND INCLUDE NUCLEAR PROLIFERATION AND SECURITY QUESTIONS WHICH AFFECT BOTH OF OUR COUNTRIES.

OUR ARRANGEMENTS FOR YOUR VISIT WILL INCLUDE MEETINGS WITH THE PRESIDENT, DR. BRZEZINSKI, WARREN CHRISTOPHER AND MYSELF. I THINK OUR MEETINGS WILL GIVE US AMPLE OPPORTUNITY TO REVIEW ALL MATTERS OF MUTUAL CONCERN AND TO INSURE

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THAT THERE ARE NO MISUNDERSTANDINGS ON THE CRITICAL ISSUES
WE ARE FACING.

CORDIALLY,

CYRUS VANCE

END QUOTE. 44

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SENSITIVE

FOR ARA/AND, DRL, AND INL

E.O. 12958: N/A
TAGS: PHUM, SNAR, BL
SUBJECT: VISIT OF HUMAN RIGHTS WATCH/AMERICAS DIRECTOR

1. SUMMARY (SBU): JOSE MIGUEL VIVANCO, EXECUTIVE DIRECTOR OF HUMAN RIGHTS WATCH/AMERICAS (HRW/A), CALLED ON EMBASSY AND GOB OFFICIALS AUGUST 7-9, AND HELD A DEPARTURE PRESS CONFERENCE IN LA PAZ. HIS VISIT ATTRACTED MEDIA ATTENTION TO THE HRW/A REPORT ON BOLIVIA OF MAY 1996 AND ITS CRITICISMS OF THE GOB AND USG FOR ALLEGEDLY NOT ENSURING THE OBSERVANCE OF HUMAN RIGHTS IN COUNTERNARCOTICS OPERATIONS. ALTHOUGH EMBASSY FOUND VIVANCO MORE REASONABLE

IN HIS APPROACH THAN PREVIOUS HRW/A VISITORS, AND LESS CRITICAL OF THE GOB IN GENERAL, PRESS COVERAGE PREDICTABLY EMPHASIZED THE ADVERSARIAL ASPECTS OF THE REPORT AND HIS GOB CONVERSATIONS. END SUMMARY.

2. (SBU) MEETING WITH CHARGE, HAS DIRECTOR, AND EMBASSY HUMAN RIGHTS OFFICER ON AUGUST 8, VIVANCO SAID HE DID NOT COME TO DISCUSS INDIVIDUAL HUMAN RIGHTS CASES BUT ONLY THE GENERAL FINDINGS PUBLISHED IN THE HRW/A REPORT OF MAY 1996, WHICH WAS A FOLLOW-UP TO THE LARGER REPORT PUBLISHED IN JULY 1995. HRW/A RECOGNIZED THAT BOLIVIA WAS NOT A COLOMBIA OR GUATEMALA, AND THAT PATTERNS OF HUMAN RIGHTS VIOLATIONS HERE ARE LESS PERVASIVE AND SERIOUS. HRW/A DOES NOT ENDORSE NARCOTICS TRAFFIC OR ILLEGAL COCA GROWING (COMMENT: THE FIRST TIME IN OUR MEMORY THAT A HRW/A REPRESENTATIVE TOOK THE TROUBLE TO SAY SO EXPLICITLY. END COMMENT). HOWEVER, AS THE REPORT STATES, HRW/A BELIEVES THAT THE GOB DOES NOT TAKE HUMAN RIGHTS SERIOUSLY IN ITS COUNTERNARCOTICS OPERATIONS, AND THAT AS THE MOTIVE FORCE BEHIND SUCH OPERATIONS, THE USG FAILS IN ITS RESPONSIBILITY TO ENSURE THAT HUMAN RIGHTS ARE PROTECTED. VIVANCO PRAISED MINISTER OF JUSTICE BLATTMANN, BLATTMANN'S SUBSECRETARY OF HUMAN RIGHTS, AND THE DIRECTOR OF THE NEW CHAPARE HUMAN RIGHTS OFFICE, WITH WHOM HE HAD MET THAT MORNING, FOR THEIR GOOD INTENTIONS AND ACCOMPLISHMENTS. HE NOTED THAT THE MAY 1996 REPORT NAMES MINISTER OF GOVERNMENT SANCHEZ BERZAIN SPECIFICALLY AS RESPONSIBLE FOR HUMAN RIGHTS VIOLATIONS. VIVANCO SAID HRW/A HARDLY EVER SINGLES OUT AN INDIVIDUAL, AND THIS INDICATES HOW STRONGLY THEY FEEL ABOUT SANCHEZ BERZAIN'S LACK OF HUMAN RIGHTS CONCERN. HRW/A REPRESENTATIVES (I.E., VIVANCO AND COUNSEL JAMIE FELLNER)

HAD MET PERSONALLY WITH HIM IN THE PAST AND FOUND HIM COMPLETELY UNINTERESTED, VIVANCO SAID.

3. (SBU) EMBASSY INTERLOCUTORS POINTED OUT THAT THE PROBLEMS HRW/A SAW ONLY IN THE CHAPARE (BECAUSE THAT IS THE ONLY PLACE THEY LOOK) ARE GENERAL IN BOLIVIA. POLICE STILL ARE POORLY TRAINED AND SUPERVISED AT THE STREET LEVEL, AND

COMMIT THE SAME KINDS OF ABUSE IN LA PAZ AS IN THE CHAPARE. IF INVESTIGATIONS INTO HUMAN RIGHTS COMPLAINTS IN THE CHAPARE ARE HAPHAZARD AND INCONCLUSIVE, THE SAME IS TRUE OF INVESTIGATIONS THROUGHOUT BOLIVIA. IT IS UNREALISTIC TO PRETEND THAT THE USG CAN, BY FIAT, CORRECT PROBLEMS IN THE CHAPARE THAT HAVE LONG EXISTED ON A MUCH LARGER SCALE. IF WE HAD THAT KIND OF POWER, THE WHOLE COUNTERNARCOTICS EFFORT WOULD BE MORE ADVANCED NOW THAN IT IS. HRW/A IN EFFECT ACCUSES THE GOB AND USG OF BAD FAITH WHEN WE DESCRIBE THE PROGRESS WE ARE MAKING IN IMPROVING THE NATIONAL HUMAN RIGHTS INFRASTRUCTURE AND PERFORMANCE, BECAUSE OFFENSES ARE STILL REPORTED; HOWEVER, HRW/A'S OWN REPORTS DEMONSTRATE THAT WE ARE IN FACT JOINTLY ACCOMPLISHING WHAT WE TOLD THEM WE WOULD DO. WE SIMPLY CAN'T DO IT AS FAST AS HRW/A DEMANDS WE SHOULD. WITH REGARD TO SANCHEZ BERZAIN, WE BELIEVE FROM WORKING WITH HIM THAT HE IS COMMITTED TO HUMAN RIGHTS WITHIN THE COUNTERNARCOTICS EFFORT. IF HRW/A REPRESENTATIVES GOT A COLD RECEPTION FROM HIM DURING THEIR LAST VISIT, IT MIGHT BE BECAUSE THEY HELD A CRITICAL PRESS CONFERENCE BEFORE THEY TALKED TO THE MINISTER TO GET HIS SIDE OF THE PICTURE.

4. (SBU) THE CHARGE TOLD VIVANCO THAT DRAFT COUNTERNARCOTICS AGREEMENTS NOW BEING DISCUSSED WITH THE

GOB WOULD INCLUDE STRONGER HUMAN RIGHTS CONDITIONS, AND THAT WE WOULD PROVIDE HIM WITH COPIES OF THE FINAL, PUBLIC AGREEMENTS WHEN SIGNED. VIVANCO REPLIED THAT IF THE AGREEMENTS INDEED INCLUDED STRONG HUMAN RIGHTS PROTECTION AND WERE EFFECTIVELY IMPLEMENTED, THAT WOULD PRETTY WELL SATISFY HRW/A'S CONCERNS ABOUT BOLIVIA.

5. (U) NEWS MEDIA RE-HASHED THE MAY 1996 REPORT, WHICH THEY HAD VIRTUALLY IGNORED WHEN IT WAS RELEASED, PRESUMABLY BECAUSE VIVANCO BROUGHT AMPLÉ SPANISH-LANGUAGE COPIES WITH HIM. REMARKS REPORTED FROM HIS PRESS CONFERENCE - HELD AFTER AN EARLY MORNING MEETING WITH SANCHEZ BERZAIN - ADDED NOTHING NEW TO THE OFT-REPEATED HRW/A CRITICISMS. THE PRESS QUOTED SANCHEZ BERZAIN AS SAYING THE MAY REPORT WAS ONE-SIDED, AND THAT HE HAD TOLD VIVANCO IT DID NOT RECOGNIZE THE WORK THAT HAS BEEN DONE TO GUARANTEE HUMAN AND CONSTITUTIONAL RIGHTS IN BOLIVIA. CHARACTERIZING THE MEETING AS "CORDIAL AND VERY CONSTRUCTIVE," SANCHEZ BERZAIN REPORTEDLY SAID VIVANCO ACKNOWLEDGED THAT BOLIVIA HAD MADE HUMAN RIGHTS PROGRESS IN THE PAST TWO YEARS, AND THAT HUMAN RIGHTS COMPLAINTS WERE SOMETIMES UNFOUNDED. SECRETARY OF INTERNAL SECURITY HUGO SAN MARTIN, SANCHEZ BERZAIN'S

IMMEDIATE SUBORDINATE, WAS QUOTED AS SAYING THE REPORT IS "IRRELEVANT" AND SHOWS A TOTAL IGNORANCE OF THE NATIONAL REALITY.

6. (SBU) DURING AN AUGUST 13 MEETING WITH CHARGE AND WAS DIRECTOR, SANCHEZ BERZAIN RECOUNTED HIS 90-MINUTE AUGUST 9 MEETING WITH VIVANCO. SANCHEZ ENJOYED SCORING POINTS

AGAINST VIVANCO WITH THE FACT THAT HE HAD PRACTICED LAW AND NOT JUST TAUGHT IT, AND THAT HE HAD LIVED UNDER A BOLIVIAN DICTATORSHIP WHILE VIVANCO, A CHILEAN, HAD LIVED IN EXILE DURING THE PINOCHET REGIME. SANCHEZ EXPLAINED TO VIVANCO THAT IN A DEMOCRACY EVERYONE, INCLUDING A POLICEMAN, HAS HUMAN RIGHTS THAT SHOULD BE RESPECTED. (THIS REFERRED TO POLICEMEN INJURED IN JULY 1995 WHEN COCALEROS THREW AN EXPLOSIVE DEVICE INTO A TRUCK CONTAINING POLICE AND DETAINEES.) HE ALSO TOOK VIVANCO TO TASK FOR PUBLISHING ACCOUNTS OF HUMAN RIGHTS ABUSES WITHOUT FULLY VERIFYING THEM OR SEEKING THE VIEWS OF RESPONSIBLE GOB OFFICIALS. SANCHEZ TOLD CHARGE THAT HE WOULD WELCOME AN OPPORTUNITY TO MEET WITH MEMBERS OF CONGRESS OR THEIR STAFF WHO ARE

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PAGE 02 OF 02 LA PAZ 05231 00 OF 02 191322Z
INTERESTED IN THE STATUS OF HUMAN RIGHTS IN BOLIVIA WHEN HE
VISITS WASHINGTON.

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7. (U) WITH THE DEATH AND FUNERAL OF EX-PRESIDENT HERNAN
SILES ZUAZO OCCUPYING NATIONAL ATTENTION, PRESS COVERAGE
WAS RELATIVELY LIGHT, ON INSIDE PAGES ONLY, AND HAD
DISAPPEARED BY SUNDAY, AUGUST 11.

8. (SBU) COMMENT: VIVANCO TOLD HUMAN RIGHTS OFFICER AFTER
THE EMBASSY MEETING THAT HE CONSIDERED IT VERY POSITIVE,
AND SEEMED HONESTLY EXCITED ABOUT THE PROSPECT OF HUMAN
RIGHTS "TEETH" BEING WRITTEN INTO COUNTERNARCOTICS
AGREEMENTS - FOR WHICH, NO DOUBT, HRW/A WILL BE EAGER TO
CLAIM CREDIT. VIVANCO'S CONSTRUCTIVE MEETING WITH SANCHEZ
BERZAIN AND HIS FRANK ADMIRATION OF MINISTER BLATTMANN MAY
MEAN WE ARE TURNING A CORNER IN HRW/A'S PERCEPTION OF THE
BOLIVIAN SCENE.

9. (SBU) COMMENT CONTINUED: EMBASSY LA PAZ CONCURS WITH
MANY OF THE RECOMMENDATIONS IN THE HUMAN RIGHTS
WATCH/AMERICAS REPORT, AND WE HAVE WORKED OVER THE PAST
YEAR WITH THE MINISTERS OF JUSTICE AND GOVERNMENT TO ADOPT
PROCEDURES TO IMPLEMENT THEM. THE AUGUST 13/14, 1996
LETTERS OF AGREEMENT WITH THE MINISTER OF GOVERNMENT FOR
COUNTERNARCOTICS ASSISTANCE PROVIDE FOR HUMAN RIGHTS
TRAINING FOR THE UMOPAR, PROSECUTION OF POLICE OR MILITARY
PERSONNEL FOR HUMAN RIGHTS VIOLATIONS, AND THE SUSPENSION
OF SALARY SUPPLEMENTS BY THE HAS OF ANY INDIVIDUAL
SUSPECTED OF HUMAN RIGHTS VIOLATIONS. BECAUSE OF THESE
PRO-ACTIVE MEASURES, EMBASSY LA PAZ OPPOSES THE EXPANSION
OF THE COUNTERNARCOTICS CERTIFICATION "TO INCLUDE THE HUMAN
RIGHTS IMPLICATIONS OF ANTI-DRUG PROGRAMS", AS RECOMMENDED
IN THE REPORT. END COMMENT. PERRY

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SPECIFICS OF RECENT OPERATIONS IN THE CHAPARE, SPECIFICALLY IN THE ISIBORO SECURE NATIONAL PARK, TARGETING MACERATION PITS, SEEDBEDS, NEW COCA AND OTHER ILLEGAL COCA CULTIVATION. HE INDICATED THAT THE CURRENT INTENSE FOCUS ON THE CHAPARE HAD PRODUCED SOME IMPRESSIVE RESULTS, BUT POINTED OUT THAT SUCCESSES IN THE CHAPARE -- BY ELIMINATING CULTIVATION, INTERDICTING COCA PRODUCTS AND PRECURSOR CHEMICALS, AND DISRUPTING TRAFFICKING OPERATIONS -- OFTEN PRODUCED A REDUCTION IN SEIZURES AND ARRESTS IN OTHER PARTS OF THE COUNTRY.

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SOURCE: KODAKB.310042

DRAFTED BY: INL/LP : KMREDGATE : KMR

APPROVED BY: INL : RSGELBARD

INL : JEBECKER

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AMEMBASSY SANTIAGO

AMEMBASSY BUENOS AIRES

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DEA FOR OVC/RUPERT, OFL/GONZALEZ

E.O. 12958: N/A

TAGS: SNAR, PREL, BL

SUBJECT: A/S GELBARD'S MEETING WITH FELCH COMMANDER
ASTUR I ZAGA

1. ACTION REQUEST - PARA 14.

2. INL A/S GELBARD MET AUGUST 27 WITH COMMANDER OF THE SPECIAL FORCE FOR THE FIGHT AGAINST NARCOTICS (FELCH) COLONEL TOMAS ASTURIZAGA. ASTURIZAGA, IN WASHINGTON ON AN EXECUTIVE OBSERVATION PROGRAM, WAS ACCOMPANIED BY DEA ASSISTANT COUNTRY ATTACHE JAMES CASTILLO. ALSO PRESENT WAS INL PROGRAM OFFICER REDGATE (NOTETAKER).

ASTURIZAGA EXPLAINS FELCH STRATEGY

3. A/S GELBARD WELCOMED ASTURIZAGA AND PRAISED HIM FOR RECENT GOB COUNTERDRUG EFFORTS. ASTURIZAGA, AFTER EXTENDING TO GELBARD GREETINGS FROM LA PAZ, GAVE A BRIEF PRESENTATION ON THE FELCH'S "THREE PILLAR" STRATEGY IN THE CHAPARE. HE EXPLAINED THAT FELCH UNITS OPERATING IN THE CHAPARE -- INCLUDING PRIMARILY THE MOBILE RURAL POLICE

(UNOPAR) -- WERE CONDUCTING THREE TYPES OF OPERATIONS: THOSE TARGETING COCA BASE AND COCAINE PROCESSORS,

INTELLIGENCE AND TAKEDOWN OPERATIONS AGAINST TRAFFICKING NETWORKS AND SEEDBED AND NEW COCA ERADICATION. HE NOTED THAT THIS APPROACH WAS DESIGNED TO SUPPORT AND ENHANCE THE EFFECTIVENESS OF NATURE COCA ERADICATION BEING CARRIED OUT BY THE SECRETARIAT FOR SOCIAL DEFENSE.

4. ASTURIZAGA WENT ON THE DETAIL FOR GELBARD THE

5. ASTURIZAGA ENDED HIS PRESENTATION WITH A PLEA FOR ADDITIONAL ASSISTANCE, INCLUDING ADDITIONAL DOGS FOR THE CANINE UNIT, A CHEMICAL TRACKING DATABASE (DISCUSSED WITH DEA), INTELLIGENCE COLLECTION EQUIPMENT AND TECHNOLOGY, AND TRAINING. HE ALSO INDICATED THAT WHILE THE SUPREME DECREE ON SEIZED ASSETS ISSUED IN DECEMBER 1995 HAD BEEN INTENDED, ULTIMATELY, TO GENERATE ADDITIONAL RESOURCES FOR THE FELCH, IN PRACTICE FELCH UNITS HAD LOST (OR COMMANDERS WOULD NOT ALLOW TROOPS TO USE) SEIZED VEHICLES WHICH HAD BECOME ESSENTIAL FOR SURVEILLANCE AND OTHER OPERATIONS. THE DECREE ALLOWS ASSETS TO BE USED BY THE FELCH UNITS, BUT MANDATES THAT UNTIL SUCH TIME AS THEY ARE FULLY FORFEITED, THE COMMANDER TO WHOM THEY ARE ASSIGNED MUST BE

PREPARED TO RETURN THEM IN THE CONDITION IN WHICH THEY WERE DELIVERED. THE NET EFFECT, SAID ASTURIZAGA, WAS THAT COMMANDERS WOULD NOT USE SEIZED VEHICLES FOR FEAR OF HAVING TO PAY FOR REPAIRS.

GELBARD EMPHASIZES NEED FOR NET COCA REDUCTION

6. A/S GELBARD EMPHASIZED TO ASTURIZAGA THAT THE U.S. WAS PLEASED WITH THE PROGRESS THE GOB HAD BEEN MAKING AND THAT U.S. ASSISTANCE LEVELS ILLUSTRATED U.S. SATISFACTION. THAT SAID, GELBARD EMPHASIZED THAT 1996 WOULD BE A "DECISIVE" YEAR, AND THE CRITICAL FACTOR WOULD BE "SUBSTANTIAL NET REDUCTION" OF COCA. GELBARD TOLD ASTURIZAGA THAT HE HAD REPEATED CONVERSATIONS WITH MINGOV

SANCHEZ BERTAIN ON THE SUBJECT, AND EMPHASIZED THE IMPORTANCE OF A SUSTAINED FELCH CAMPAIGN TO DESTROY SEEDBEDS AND NEW COCA TO ENSURE THAT THE NET REDUCTION COULD BE ACHIEVED.

7. A/S GELBARD ASKED ASTURIZAGA IF COCA PRICES HAD BEEN AFFECTED BY THE RECENT OPERATIONS IN THE CHAPARE. ASTURIZAGA RESPONDED THAT COCA PRICES HAD DROPPED ABOUT 40 PERCENT (FROM 170 BS TO 100 BS), AND HAD REMAINED STAGNANT (HE DID NOT SPECIFY THE EXACT TIME PERIOD OF THE DECLINE). THE CONSISTENT PRESENCE OF GOB FORCES IN THE CHAPARE, PATROLLING AND CONDUCTING OPERATIONS, HE EXPLAINED, HAD DISRUPTED THE TRADITIONAL MARKETS FOR COCA AND KEPT PRICES LOW.

ASTURIZAGA HIGHLIGHTS TRAFFICKING IN BENI, ON BORDERS

8. IN RESPONSE TO A/S GELBARD'S QUERY ABOUT OPERATIONS IN THE BENI AND THE BORDER REGIONS, ASTURIZAGA EXPLAINED THAT THE FELCH WAS CONDUCTING A LARGE-SCALE INTELLIGENCE GATHERING OPERATION IN THE TOWNS OF THE BENI AND BORDER REGIONS, SUCH AS GUAYARAMERIN AND SAN MATIAS, AND THAT INITIAL ASSESSMENTS INDICATED HIGH LEVELS OF TRAFFICKING ACTIVITY. ASTURIZAGA INDICATED THAT OFTEN, IN THESE AREAS MANY OF THE TOWNS' INHABITANTS -- FROM THE MAYOR TO POLICE OFFICIALS -- WERE INVOLVED IN, OR FACILITATING THE DRUG TRADE. IN ORDER TO MOUNT SUCCESSFUL OPERATIONS AGAINST

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TRAFFICKING IN THESE AREAS; HE WOULD HAVE TO CONTINUE TO INFILTRATE INTELLIGENCE OFFICERS INTO THE REGION; AND THEN DEVELOP A PLAN, IN CONJUNCTION WITH OTHER GOB ELEMENTS AND THE EMBASSY, FOR CONDUCTING INTERDICTION OPERATIONS.

9. ASUTURIZAGA ALSO EMPHASIZED THAT COOPERATION WITH BRAZIL, CHILE AND MOST RECENTLY WITH ARGENTINA, IN COMBATING DRUG AND CHEMICAL TRAFFICKING IN THE JOINT BORDER AREAS, WAS PAYING HIGH DIVIDENDS. HE NOTED THE JUMP IN SEIZURES IN THE PUERTO SUAREZ AREA, AND HIGHLIGHTED THE RECENT MAJOR OPERATION WITH CHILE THAT RESULTED IN THE ARREST OF THE LEADING CHEMICAL SUPPLIER TO THE CHAPARE. HE ALSO EMPHASIZED THE CRITICAL ROLE DEA LA PAZ, AND THEIR COLLEAGUES IN BRASIL, CHILE AND ARGENTINA WERE PLAYING IN FACILITATING THIS COOPERATION. A/S GELBARD APPLAUDED THESE EFFORTS AND ENCOURAGED ASTURIZAGA TO SEEK THE SAME TYPE OF COOPERATIVE RELATIONSHIP WITH THE NEW DRUG CHIEF IN ASUNCION, RETIRED GENERAL AYALA.

GELBARD EMPHASIZED THAT AYALA SEEMED TO BE MORE ENERGETIC THAN HIS PREDECESSOR AND THAT WE ARE ENCOURAGED BY HIS

INITIAL EFFORTS. GELBARD INDICATED THAT HE HAD ENCOURAGED THIS TYPE OF COOPERATION WHEN HE LAST SPOKE WITH MINGOV SANCHEZ BERZAIN. ASTURIZAGA RESPONDED THAT IF INDEED THERE WAS A NEW REGIME IN ASUNCION, HE WOULD WORK THROUGH DEA -- PARTICULARLY COUNTRY ATTACHE LEDWITH WHO RECENTLY DEPARTED ASUNCION FOR LA PAZ -- TO EXPLORE MORE COOPERATIVE EFFORTS.

YUNGAS STRATEGY

10. GELBARD ASKED ASTURIZAGA ABOUT FELCN PARTICIPATION IN THE DEVELOPMENT OF A STRATEGY TO REDUCE CULTIVATION IN THE YUNGAS FROM 14,000 HECTARES OF COCA TO THE LEGAL LIMIT OF 12,000 HECTARES, AND TO CONTAIN IT AT THAT LEVEL IN THE FUTURE. ASTURIZAGA INDICATED THAT SECRETARY FOR SOCIAL DEFENSE CANELAS WAS CHARGED WITH DEVELOPING THE STRATEGY BUT THAT THE YUNGAS WOULD UNDOUBTEDLY PRESENT THE GOB WITH A WHOLE SERIES OF DIFFICULT CHALLENGES. FOR EXAMPLE, HE POINTED OUT THAT ALTHOUGH THE ESTIMATES SHOWED AN INCREASE IN CULTIVATION, A GROUND-BASED CENSUS WOULD HAVE TO BE CONDUCTED TO DETERMINE WHAT COCA WAS LEGAL AND WHAT COCA SHOULD BE ERADICATED. ASTURIZAGA INDICATED, HOWEVER, THAT PRELIMINARY UMOPAR PATROLS IN THE REGION HAD VERIFIED THE EXISTENCE OF NEW COCA FIELDS IN AREAS NEVER BEFORE DEDICATED TO COCA CULTIVATION.

HUMAN RIGHTS AND TRAINING

11. AMBASSADOR GELBARD TOOK THE OPPORTUNITY TO APPLAUD THE GOB'S RECENT AGREEMENT ON A DETAILED BILATERAL COOPERATION AGREEMENT ON COUNTERNARCOTICS, AND PARTICULARLY EMPHASIZED THE IMPORTANCE OF THE HUMAN RIGHTS OBJECTIVES CONTAINED IN THE AGREEMENT. ASTURIZAGA AGREED THAT IT WAS IMPORTANT NOT ONLY FOR THE FELCN TO ACCOMPLISH ITS OBJECTIVES, BUT DO SO IN THE RIGHT WAY. HE HIGHLIGHTED AS POSITIVE THE INCORPORATION OF A MEMBER OF THE PUBLIC DEFENDER'S OFFICE INTO THE FELCN AND THE INITIATION OF WEEKLY REVIEWS OR VISITS BY MEMBERS OF THE PROSECUTOR'S AND PUBLIC DEFENDERS OFFICES TO REVIEW THE CONDITION AND TREATMENT OF FELCN DETAINEES. THIS EFFORT, HE SAID, HAD PROVED EFFECTIVE IN ASSURING THE PUBLIC THAT THE FELCN WAS NOT MISTREATING PRISONERS AS ALLEGED BY COCALERO LEADERS.

12. ASTURIZAGA THEN POINTED OUT, UNPROMPTED, THAT ONE OF THE MAIN OBSTACLES HE FACES IN ADDRESSING THE CONCERNS

RAISED BY HUMAN RIGHTS GROUPS AND THE PUBLIC IS THE TRAINING PROVIDED TO THE UMOPAR -- THE PRIMARY POLICE FORCE IN THE CHAPARE AND MOST OFTEN IN CONTACT WITH THE COCA GROWERS AND CAMPESINOS. HE EMPHASIZED THE DICHOTOMY BETWEEN THE PARAMILITARY-STYLE TRAINING BEING PROVIDED TO THE UMOPAR AT THE GARRAS SCHOOL, AND THE POLICE FUNCTIONS THEY ULTIMATELY ARE BEING CALLED UPON TO CARRY OUT. "IN THE END," HE SAID, "ALL OF OUR EFFORTS, IN THE CHAPARE OR ELSEWHERE, COME DOWN TO THE ABILITY TO INVESTIGATE AND PROSECUTE CRIMES OF NARCOTRAFFICKING." HE LAMENTED THAT

MOST UMOPAR TROOPS DO NOT, NOW, RECEIVE BASIC INVESTIGATIVE TRAINING, NOR DO THEY HAVE ADEQUATE REPORT-WRITING, ANALYTIC, OR COMPUTER SKILLS IN THE UNIT. HE EMPHASIZED THE NEED, ALSO, TO ENSURE THAT BOLIVIAN NATIONAL POLICE WHO JOIN UMOPAR, ULTIMATELY RETURN TO THE POLICE FORCE WITH THE TECHNICAL SKILLS NECESSARY TO FUNCTION WITHIN THE GENERAL POLICE FORCE.

13. A/S GELBARD RESPONDED THAT IN FACT, HE AND MINGOV SANCHEZ BERZAIN HAD DISCUSSED THAT VERY ISSUE AT LENGTH AND THAT THE DEVELOPMENT AND INCORPORATION OF A REVISED CURRICULUM AT THE GARRAS SCHOOL -- WHICH WOULD IMPROVE UMOPAR CAPABILITIES AND THEIR RECORD ON HUMAN RIGHTS -- WAS ONE OF OUR TOP PRIORITIES. HE INDICATED THAT RECENTLY-ARRIVED HAS OFFICER LANGLAND HAD ALREADY BEGUN TO REVIEW THE CURRICULUM AND ENCOURAGED ASTURIZAGA TO SHARE HIS THOUGHTS WITH THE HAS AND DEA ON THIS ISSUE.

14. COMMENT AND ACTION REQUEST FOR HAS: ASTURIZAGA BECAME MORE FORTHCOMING AS THE CONVERSATION WORE ON AND HE REALIZED THAT A/S GELBARD WAS WELL-BRIEFED ON THE PROGRAM. HE HAD SOME PARTICULARLY STRONG VIEWS ON THE TYPES OF TRAINING THAT UMOPAR OFFICERS AND TROOPS SHOULD BE RECEIVING, WHICH FROM HERE, APPEAR TO MAKE SENSE. INL REQUESTS THAT HAS ENGAGE ASTURIZAGA IN THE COURSE OF THE EMBASSY'S REVIEW OF THE CURRICULUM AT THE GARRAS SCHOOL AND THAT MINGOV SANCHEZ BERZAIN BE BRIEFED ON YOUR FINAL RECOMMENDATIONS PRIOR TO HIS SEPT 16-18 VISIT TO WASHINGTON. SANCHEZ BERZAIN'S ITINERARY WILL INCLUDE MEETINGS WITH DEA CHIEF OF OPERATIONS WANKEL, AND ICITAP DIRECTOR STROMSEN, BOTH OF WHICH WILL PRESENT GOOD

OPPORTUNITIES TO DISCUSS BOLIVIAN TRAINING NEEDS AND PRIORITIES.
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DEPARTMENT FOR HA, ARA/AND

E.O. 12356: N/A
TAGS: PHUM, PGOV, BL
SUBJECT: HUMAN RIGHTS UPDATE; GOB RECEIVES U.S. REPORT
CALMLY; FORMS NEW FACULTY FOR HUMAN RIGHTS

1. SUMMARY: RESPONSE TO THE STATE DEPARTMENT'S ANNUAL
REPORT ON HUMAN RIGHTS WAS FAIRLY LIMITED IN BOLIVIA.

THE PRESS QUOTED WIDELY FROM THE REPORT, BUT IT CAUSED
LITTLE STIR. INTERIOR MINISTRY OFFICIALS CLAIMED THAT
THOUGH PARTS OF THE REPORT WERE ACCURATE, SUCH AS THE
DESCRIPTION OF MISERABLE JAIL CONDITIONS, OTHERS WERE
EXAGGERATED, SUCH AS REPORTS OF POLICE ABUSES. THE
PRESIDENT OF THE CHAMBER OF DEPUTIES' HUMAN RIGHTS
COMMISSION, A MEMBER OF THE OPPOSITION MNR PARTY, SAID
THE REPORT PROVED THAT THE PRESENT GOVERNMENT VIOLATES
HUMAN RIGHTS, BUT CRITICIZED IT FOR NOT MENTIONING
ABUSES COMMITTED BY COUNTERNARCOTICS FORCES. IN OTHER
HUMAN RIGHTS NEWS, THE GOB SIGNED AN AGREEMENT WITH THE
LATIN AMERICAN ASSOCIATION FOR HUMAN RIGHTS (ALDHU) TO
CREATE A NEW "FACULTY FOR HIGHER STUDIES OF HUMAN RIGHTS
AND INTEGRATION" IN SANTA CRUZ. END SUMMARY.

LITTLE COMMENTARY ON HUMAN RIGHTS REPORT

2. AN EMBASSY TRANSLATION OF THE U.S. DEPARTMENT OF
STATE'S 1992 HUMAN RIGHTS REPORT ON BOLIVIA WAS
PRESENTED TO THE BOLIVIAN PUBLIC--GOVERNMENT OFFICIALS,
HUMAN RIGHTS GROUPS, AND THE PRESS--ON JANUARY 21. IT
DID NOT CAUSE A STIR. THE PRESS QUOTED FROM THE REPORT,
BUT OFFERED LITTLE COMMENTARY. EVEN THE GOVERNMENT'S
REACTION WAS CALM. INTERIOR MINISTER CARLOS SAAVEDRA
INSISTED THAT BOLIVIA DOES RESPECT HUMAN RIGHTS (A
STATEMENT WITH WHICH WE LARGELY AGREE). HE TOLD THE
PRESS, "THE ENFORCEMENT OF HUMAN RIGHTS IS A LEARNING
PROCESS, AS IS DEMOCRACY; SOMETIMES A LITTLE SLOW, BUT
IT ADVANCES. WE RESPECT THE OPINION OF ALL

ORGANIZATIONS, BUT OUR COUNTRY IS MUCH BETTER THAN IN
PAST YEARS." (COMMENT: SAAVEDRA HAS A POINT.)

3. THE NEW COMMANDER OF THE BOLIVIAN NATIONAL POLICE,
GENERAL LUIS PRIETO, LIMITED HIMSELF TO SAYING THAT THE
CRITICISMS OF THE POLICE WERE FALSE. THE DIRECTOR OF
PRISONS, WILSON ABREGO, ADMITTED THAT PRISON CONDITIONS
ARE DEPLORABLE AND VOWED TO IMPROVE THEM.

4. THE PRESIDENT OF THE HUMAN RIGHTS COMMISSION IN THE
CHAMBER OF DEPUTIES, OPPOSITION MEMBER ERNESTO MACHICAO,
SAID THE REPORT WAS BOTH GOOD AND BAD. ON ONE HAND, IT
CONFIRMED THAT THE GOVERNMENT VIOLATES HUMAN RIGHTS AND
ON THE OTHER, IT IGNORED ABUSES COMMITTED IN THE FIGHT
AGAINST NARCOTRAFFICKING. (COMMENT: MACHICAO HAS BEEN
USING HIS POSITION ON THE HUMAN RIGHTS COMMISSION TO
ATTACK THE GOB IN WHAT SEEMS TO BE AN ELECTION-YEAR
GAMBIT MORE THAN A GENUINE CONCERN FOR HUMAN RIGHTS.
END COMMENT.) MACHICAO SAID THE U.S. INTENTIONALLY
AVOIDED ADDRESSING THE THEME OF NARCOTRAFFICKING IN
BOLIVIA, SINCE U.S. FORCES WERE INVOLVED IN REPRESSING
HUMAN RIGHTS OF THOSE SUSPECTED IN NARCOTICS CASES.
(COMMENT: MACHICAO OBVIOUSLY DID NOT READ THE REPORT
CAREFULLY, FOR ABUSES RELATED TO THE FIGHT AGAINST
NARCOTRAFFICKING WERE INCLUDED. END COMMENT.)

FACULTY FOR STUDIES OF HUMAN RIGHTS AND INTEGRATION

5. IN OTHER HUMAN RIGHTS NEWS, PRESIDENT JAIME PAZ

ZAMORA SIGNED AN AGREEMENT WITH THE LATIN AMERICAN
ASSOCIATION FOR HUMAN RIGHTS (ALDHU) PRESIDENT,
ECUADORAN CESAR VERDUGA, TO CREATE A "FACULTY FOR HIGHER
STUDIES OF HUMAN RIGHTS AND INTEGRATION." ITS
HEADQUARTERS WILL BE LOCATED IN SANTA CRUZ, IN THE
SEIZED RESIDENCE OF NARCOTRAFFICKER LUCHO SALOMON,
DONATED BY THE INTERIOR MINISTRY. IN ADDITION, AN ALDHU
ADMINISTRATIVE OFFICE WILL BE OPENED IN LA PAZ.
(ECUADOR'S DEFENSE MINISTER, GENERAL JOSE GAL LARDO, WAS
ALSO PRESENT AT THE SIGNING CEREMONY.) THE COURSES AT
THE NEW FACULTY WILL BE AIMED MAINLY TOWARD LATIN
AMERICAN POLICE OFFICERS, MILITARY, HIGH FUNCTIONARIES
IN PUBLIC ADMINISTRATION, DIPLOMATS, COURT MAGISTRATES,
JOURNALISTS, ACADEMICS AND PROFESSORS, AND OTHER
JUDICIAL FUNCTIONARIES. THE SCHOOL WILL OFFER POST-
GRADUATE AND "SPECIALIZATION" COURSES.

6. PAZ ZAMORA SAID THAT THE BIGGEST CHALLENGE OF THE
SCHOOL WILL BE TO CHANGE THE "DEFENSIVE ATTITUDE" THAT
SURFACES WHEN HUMAN RIGHTS ARE MENTIONED IN LATIN
AMERICA TO A MORE "CONSTRUCTIVE VIEW." CESAR VERDUGA
SPOKE OF A "NEW HUMANISM" THAT INCLUDED NOT JUST

ADVANCES IN TECHNOLOGY, ECONOMICS, POLITICS, AND
CULTURE, BUT IN IDEAS OF HUMAN RIGHTS. "FROM CIVIC AND
POLITICAL RIGHTS WE HAVE PASSED TO THE RIGHTS OF A
SECOND AND THIRD GENERATION TO INCLUDE SELF-
DETERMINATION OF PEOPLES, DEVELOPMENT, AND THE
ENVIRONMENT."

7. COMMENT: THE CREATION OF THE SCHOOL IN SANTA CRUZ

MAY INDICATE THAT BOLIVIA IS TAKING A BROADER INTEREST
IN HUMAN RIGHTS. MORE IMPORTANTLY, IT IS ALSO AN ACT OF
GOOD WILL BY DEPARTING PRESIDENT PAZ WHO WANTS TO BE
REMEMBERED FOR HIS POSITIVE ROLE IN INTERNATIONAL
RELATIONS WHEN HE ATTEMPTS TO MAKE A COME-BACK IN THE
1997 ELECTIONS.

BOWERS

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INFO LOG-00 AIT-03 AMAD-01 CA-02 CIAE-00 SMEC-00 OASY-00
DS-00 EUR-01 OIGO-01 UTED-00 TEDE-00 INR-00 IO-00
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DRAFTED BY: EAP/P: KRWALKIN

APPROVED BY: EAP/P: LXTOLY

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FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS IMMEDIATE

AMCONSUL CHIANG MAI IMMEDIATE

AMCONSUL FUKUOKA IMMEDIATE

AMCONSUL GUANGZHOU IMMEDIATE

AMCONSUL NAGOYA IMMEDIATE

AMCONSUL NAHA IMMEDIATE

AMCONSUL OSAKA KOBE IMMEDIATE

AMCONSUL SAPPORO IMMEDIATE

AMCONSUL SHANGHAI IMMEDIATE

AMCONSUL SHENYANG IMMEDIATE

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AMEMBASSY LUXEMBOURG PRIORITY
AMEMBASSY MOSCOW PRIORITY
AMEMBASSY NEW DELHI PRIORITY
AMEMBASSY PARIS PRIORITY
CINCPACFLT PEARL HARBOR HI PRIORITY
USCINCPAC HONOLULU HI PRIORITY
CHJUSMAG SEOUL KS PRIORITY
COMUSKOREA SEOUL KS//CC/BJ/CJ/EJ/PAJ/SJS// PRIORITY
SACINCUNC KS PRIORITY
USCINCUNC SEOUL KS PRIORITY
SECDEF WASHDC//USDP PRIORITY
JOINT STAFF WASHINGTON DC PRIORITY
HQ USSPACECOM PETERSON AFB CO//POLAD// PRIORITY
USMISSION USVIENNA PRIORITY

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USIA FOR EA; TOKYO FOR USIS/YAMAUCH MOSCOW FOR ANDERTON

E.O. 12958: N/A

TAGS: PREL OPRC XE US

SUBJECT: DECEMBER 19 PRESS GUIDANCE FOR THE EAP REGION

ALL POSTS -- ALSO FOR USIS
SECDEF -- ALSO FOR OASD/PA
USCINCPAC FOR FPA TEARE
USVIENNA FOR UNVIE
PARIS FOR ZEYA
BEIJING -- PASS CHENGDU

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1. ALL POSTS -- GUIDANCE ON HONG KONG PROVISIONAL
LEGISLATURE AND SIGNING CEREMONY FOR U.S.-HONG KONG
EXTRADITION AGREEMENT SENT SEPTTEL.

2. INDEX

-- DOD NEWS RELEASE: CHI VISIT (PARA 3)

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CHANNEL: n/a

-
- PUBLIC ANNOUNCEMENT: PERU (PARA 4)
 - EXPORTS: COMPUTER ENCRYPTION (PARAS 5-6)
 - DEPARTMENT: ARREST OF FORMER CA OFFICIAL (PARAS 5 AND 7)
 - DOJ PRESS RELEASE: JOHN ADAMS (PARA 8)

3. THE FOLLOWING STATEMENT WAS ISSUED BY THE DEPARTMENT OF DEFENSE ON 12/18/96.

NEWS RELEASE
OFFICE OF ASSISTANT SECRETARY OF DEFENSE
(PUBLIC AFFAIRS)
WASHINGTON, D.C. 20301

NO. 679-96
IMMEDIATE RELEASE

(703) 697-5131 (MEDIA)
(703) 697-3189 (COPIES)
(703) 697-5737 (PUBLIC/INDUSTRY)

DECEMBER 18, 1996

PEOPLE'S REPUBLIC OF CHINA MINISTER OF DEFENSE COMPLETES
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VISIT TO THE UNITED STATES

VICE CHAIRMAN OF THE CENTRAL MILITARY COMMISSION, STATE COUNCILOR, AND MINISTER OF NATIONAL DEFENSE OF THE PEOPLE'S REPUBLIC OF CHINA, GENERAL CHI HAOTIAN DEPARTED THE UNITED STATES EARLIER TODAY, HAVING COMPLETED A 14-DAY VISIT THAT INCLUDED STOPS IN NEW YORK CITY AND WASHINGTON, D.C., AS WELL AS U.S. MILITARY FACILITIES IN NEW YORK, VIRGINIA, ALABAMA, TEXAS, NEW MEXICO, ARIZONA AND HAWAII. GENERAL CHI WAS ACCOMPANIED BY A DELEGATION CONSISTING OF SENIOR MILITARY LEADERS FROM THE PEOPLE'S LIBERATION ARMY GENERAL STAFF AND LOGISTICS DEPARTMENTS, NAVY, AIR FORCE, AND STRATEGIC ROCKET FORCES, AS WELL AS THE COMMANDER OF THE GUANGZHOU MILITARY REGION COMMAND, AND A REPRESENTATIVE OF THE MINISTRY OF FOREIGN AFFAIRS.

GENERAL CHI TRAVELED TO THE UNITED STATES AT THE INVITATION OF HIS COUNTERPART, SECRETARY OF DEFENSE WILLIAM J. PERRY, WHO VISITED THE PEOPLE'S REPUBLIC OF CHINA IN OCTOBER OF 1994.

GENERAL CHI'S VISIT WAS SUCCESSFUL IN FURTHERING U.S.-CHINA RELATIONS IN GENERAL AND MILITARY-TO-MILITARY RELATIONS IN PARTICULAR, BOTH OF WHICH ARE OF GREAT IMPORTANCE TO THE LONG-TERM POLITICAL, MILITARY, AND ECONOMIC INTERESTS OF THE UNITED STATES.

BUILDING ON THE RECENT DIALOG ESTABLISHED BY SECRETARY OF STATE WARREN M. CHRISTOPHER'S NOVEMBER TRIP TO BEIJING AND THE MEETING IN MANILA BETWEEN PRESIDENT CLINTON AND PRESIDENT JIANG ZEMIN, GENERAL CHI'S VISIT ALLOWED FOR FRANK DISCUSSION OF A WIDE RANGE OF ISSUES, INCLUDING
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NONPROLIFERATION, MILITARY-TO-MILITARY RELATIONS, AND ASIA-PACIFIC REGIONAL SECURITY. THE UNITED STATES REITERATED ITS POSITION THAT FURTHER PROGRESS IN AREAS SUCH AS HUMAN RIGHTS AND FAIR TRADE PRACTICES ARE CRITICAL TO THE DEVELOPMENT OF A FULL BILATERAL RELATIONSHIP. AT THE SAME TIME, THE SIDES AGREED ON THE NEED FOR CONTINUED DIALOG AND EMPHASIZED THE IMPORTANCE OF DEVELOPING A RELATIONSHIP IN WHICH AREAS OF AGREEMENT AND DISAGREEMENT CAN BE DISCUSSED IN AN OPEN AND FRANK MANNER.

REGARDING EFFORTS TO CURB THE SPREAD OF WEAPONS OF MASS DESTRUCTION AND THEIR MEANS OF DELIVERY, AS WELL AS DESTABILIZING CONVENTIONAL ARMS, THE UNITED STATES NOTED IT PARTICULAR CONCERN OVER DEVELOPMENTS IN THE PERSIAN GULF. CHINA WAS URGED NOT ONLY TO MAINTAIN AND EXPAND ITS COMMITMENTS TO NONPROLIFERATION REGIMES, BUT ALSO TO REFRAIN FROM DESTABILIZING WEAPONS SALES TO ROGUE STATES, SUCH AS IRAN.

THE TWO SIDES AFFIRMED THEIR SHARED INTEREST IN A PEACEFUL RESOLUTION OF THE TAIWAN ISSUE. THE UNITED STATES EMPHASIZED THAT OUR INTEREST IS IN MAINTAINING

PEACE AND STABILITY IN THE ASIA-PACIFIC REGION. WITH THAT GOAL IN MIND, THE UNITED STATES REITERATED ITS COMMITMENT TO A ONE CHINA POLICY IN ACCORDANCE WITH THE THREE JOINT COMMUNIQUEs AND, AT THE SAME TIME, A STEADFAST COMMITMENT TO ALL U.S. OBLIGATIONS TO TAIWAN.

BOTH SIDES ALSO EXPRESSED THEIR SUPPORT FOR FURTHER EFFORTS TO PROMOTE STABILITY ON THE KOREAN PENINSULA --
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AN ISSUE WHICH HAS SIGNIFICANT, DIRECT INFLUENCE ON U.S. SECURITY INTERESTS. GENERAL CHI INDICATED THAT CHINA WOULD CONTINUE TO PLAY A CONSTRUCTIVE ROLE, WORKING TO MAINTAIN A NUCLEAR-FREE KOREAN PENINSULA AND ENCOURAGING A CONSTRUCTIVE DIALOG BETWEEN THE REPUBLIC OF KOREA AND THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA. THE UNITED STATES REITERATED ITS SUPPORT FOR THE FOUR-PARTY PROCESS AS A MEANS TO BRING ABOUT THIS DIALOG.

REGARDING THE U.S.-JAPAN SECURITY RELATIONSHIP, THE UNITED STATES EXPLAINED THAT IT SERVES AS ONE OF THE PILLARS OF A SECURITY STRATEGY WHICH BENEFITS ALL OF THE NATIONS WITHIN THE ASIA-PACIFIC REGION, INCLUDING CHINA.

THE UNITED STATES CURRENTLY HAS APPROXIMATELY 100,000 TROOPS DEPLOYED IN THE ASIA-PACIFIC REGION. CONTACT BETWEEN THESE TROOPS AND CHINESE MILITARY FORCES IS INCREASINGLY COMMON. IN ORDER TO ENHANCE MUTUAL UNDERSTANDING AND OPERATIONAL SAFETY, SECRETARY PERRY SUGGESTED THAT OUR TWO COUNTRIES CONSIDER A MILITARY MARITIME COOPERATIVE AGREEMENT, AND GENERAL CHI EXTENDED AN INVITATION FOR A U.S. BRIEFING TEAM TO VISIT CHINA IN EARLY 1997 TO EXPLAIN THE PROPOSED DRAFT.

DURING GENERAL CHI'S VISIT TO WASHINGTON, D.C., THE TWO SIDES ALSO CAME TO AGREEMENT ON A NUMBER OF SPECIFIC INITIATIVES DESIGNED TO ENHANCE THE U.S.-PRC BILATERAL MILITARY RELATIONSHIP AND ALSO, FROM THE U.S. PERSPECTIVE, TO STRENGTHEN THE U.S. ABILITY TO PROTECT OUR SECURITY INTERESTS IN THE ASIA-PACIFIC REGION.

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FIRST, CHINA AGREED IN PRINCIPLE TO CONTINUED U.S. PORT
CALLS TO HONG KONG AFTER JULY 1, 1997, WHEN HONG KONG
REVERTS TO PRC SOVEREIGNTY. A U.S. BRIEFING TEAM WILL
TRAVEL TO BEIJING IN EARLY 1997 TO DISCUSS RELEVANT
PROCEDURES.

SECOND, BOTH SIDES AGREED THAT A CHINESE NAVY SHIP WILL
VISIT HAWAII AND THE WEST COAST OF THE UNITED STATES IN
SPRING 1997, TO BE FOLLOWED BY U.S. NAVY SHIP VISITS TO
THE PEOPLE'S REPUBLIC OF CHINA.

THIRD, THE TWO SIDES AGREED TO INSTITUTIONALIZE BILATERAL
DEFENSE CONSULTATIVE TALKS, THE FIRST OF WHICH IS
EXPECTED TO TAKE PLACE IN WASHINGTON, D.C. IN FALL 1997,
AND BE HOSTED BY THE UNDER SECRETARY OF DEFENSE FOR
POLICY. THESE TALKS WILL INCLUDE AN EXCHANGE OF VIEWS ON
GLOBAL AND REGIONAL SECURITY ISSUES; RECIPROCAL BRIEFINGS
ON MILITARY TOPICS; AND A DISCUSSION OF FUTURE BILATERAL
MILITARY ACTIVITIES. THE TALKS ARE INTENDED TO INCREASE
MUTUAL UNDERSTANDING AND TRANSPARENCY -- BOTH OF WHICH
ARE IMPORTANT FACTORS IN THE MAINTENANCE OF PEACE AND
STABILITY IN THE ASIA-PACIFIC REGION.

FOURTH, THE TWO SIDES AGREED TO SEVERAL VISITS OF
SENIOR-LEVEL U.S. AND CHINESE MILITARY LEADERS IN THE
FIRST HALF OF 1997. SUCH HIGH-LEVEL CONTACTS, SCHEDULED
AT APPROPRIATE INTERVALS, WILL ALLOW BOTH SIDES TO
ADVANCE THE CONFIDENCE BUILDING MEASURES INITIATED DURING
THIS VISIT AND WILL HELP TO REGULARIZE A HIGH-LEVEL
DIALOG WHICH IS CRITICAL NOT ONLY FOR POSITIVE MILITARY

RELATIONS, BUT EQUALLY IMPORTANT DURING PERIODS OF
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TENSION.

DURING HIS MEETINGS WITH THE SECRETARY OF DEFENSE AT THE PENTAGON, GENERAL CHI GAVE SECRETARY PERRY DOG TAGS FROM THE CREW OF A WORLD WAR II B-24 BOMBER THAT CRASHED IN SOUTHERN CHINA. THE UNITED STATES EXPRESSED APPRECIATION FOR THIS GESTURE, A REMINDER OF THE COOPERATION BETWEEN OUR TWO COUNTRIES IN THE PAST, AND CALLED FOR CONTINUED COOPERATION IN RESOLVING THE CASES OF AMERICANS MISSING IN ACTION. THE TWO SIDES AGREED THAT A U.S. TEAM WILL TRAVEL TO BEIJING IN THE NEAR FUTURE TO ACCEPT REMAINS FOR REPATRIATION. A SECOND U.S. TEAM WILL TRAVEL WITH CHINESE COUNTERPARTS TO THE CRASH SITE IN EARLY 1997 TO STUDY THE SITE AND RECOVER ANY ADDITIONAL REMAINS.

DURING VISITS TO MILITARY BASES, THE CHINESE DELEGATION OBTAINED A FIRST-HAND VIEW OF AMERICAN MILITARY CAPABILITIES AND GAINED AN APPRECIATION FOR THE PHYSICAL, INTELLECTUAL AND MORAL STRENGTH OF OUR MEN AND WOMEN IN UNIFORM. GENERAL CHI AND HIS COLLEAGUES ALSO HAD AN OPPORTUNITY TO LEARN ABOUT THE AMERICAN PEOPLE AND OUR VALUES -- VALUES WHICH SERVE AS THE FOUNDATION FOR OUR NATION'S MILITARY STRENGTH AS WELL AS THAT WHICH OUR ARMED FORCES SERVE AND PROTECT.

THE VISIT OF GENERAL CHI LARGELY SUCCEEDED IN MEETING THE OBJECTIVES SET FORTH PRIOR TO THE TRIP. AS A RESULT OF THE VISIT, THE UNITED STATES AND THE PEOPLE'S REPUBLIC OF CHINA HAVE ENHANCED MILITARY-TO-MILITARY DIALOG AS WELL AS THE OVERALL BILATERAL RELATIONSHIP. WE HAVE TAKEN THE FIRST STEP TOWARDS DEVELOPING CONCRETE CONFIDENCE

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BUILDING MEASURES BETWEEN OUR MILITARIES, A REGULAR DEFENSE DIALOG BETWEEN OUR LEADERS, AND EXPANDING OUR AREAS OF COOPERATION. IN DOING SO, THE UNITED STATES IS SERVING ITS OWN POLITICAL, ECONOMIC AND SECURITY INTERESTS. MOREOVER, THE UNITED STATES IS ALSO SERVING

THE BROAD INTERESTS OF OUR FRIENDS AND ALLIES IN THE ASIA-PACIFIC REGION WHO WIDELY SUPPORT A SINO-AMERICAN DEFENSE DIALOG AS CRITICAL TO ENSURING THEIR OWN SECURITY.

INTERNET AVAILABILITY: THIS DOCUMENT IS AVAILABLE ON DEFENSELINK, A WORLD WIDE WEB SERVER ON THE INTERNET AT [HTTP://WWW.DTIC.MIL/DEFENSELINK/](http://WWW.DTIC.MIL/DEFENSELINK/)

4. THE FOLLOWING PUBLIC ANNOUNCEMENT ON PERU WAS ISSUED BY THE STATE DEPARTMENT ON 12/18/96.

DEPARTMENT OF STATE
OFFICE OF THE SPOKESMAN
DECEMBER 18, 1996

PUBLIC ANNOUNCEMENT -- PERU

THERE IS AN ONGOING HOSTAGE SITUATION AT THE RESIDENCE OF THE JAPANESE AMBASSADOR IN LIMA, PERU. ON DECEMBER 17, MOVIMIENTO REVOLUCIONARIO TUPAC AMARU (MRTA) TOOK HOSTAGE HUNDREDS OF PEOPLE ATTENDING A RECEPTION AT THE RESIDENCE. AN UNDETERMINED NUMBER OF HOSTAGES REMAIN INSIDE THE RESIDENCE. TRAVELLERS IN PERU ARE ADVISED THAT THIS SITUATION WILL LIKELY RESULT IN INCREASED SECURITY VIGILANCE BY THE GOVERNMENT OF PERU. THE AREA OF THE JAPANESE RESIDENCE IN SAN ISIDRO IS CORDONED OFF

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BY SECURITY FORCES. THIS AREA IN SAN ISIDRO, BOUNDED BY THE STREETS SALAVERRY, CESAR VALLEJO, PRESCOTT AND DOS DE MAYO, AND THE AREA OF THE NAVY HEADQUARTERS, SHOULD BE AVOIDED. AMERICANS IN PERU SHOULD TAKE NORMAL SECURITY PRECAUTIONS.

FOR FURTHER INFORMATION ON TRAVEL TO PERU, CONSULT THE DEPARTMENT'S LATEST CONSULAR INFORMATION SHEET FOR PERU. AMERICAN RESIDENTS IN LIMA MAY OBTAIN UPDATED INFORMATION ON TRAVEL AND SECURITY AND MAY REGISTER WITH THE CONSULAR SECTION OF THE U.S. EMBASSY. THE U.S. EMBASSY IS OPEN FOR THESE SERVICES MONDAY THROUGH FRIDAY, 8 AM TO NOON. THE TELEPHONE NUMBER IS 434-3000. DEPARTMENT OF STATE

TRAVEL INFORMATION AND PUBLICATIONS ARE AVAILABLE AT
INTERNET ADDRESS: HTTP://TRAVEL.STATE.GOV

U.S. TRAVELERS MAY HEAR RECORDED INFORMATION BY CALLING
THE DEPARTMENT IN WASHINGTON, D.C. AT 202-647-5225 FROM
THEIR TOUCHTONE TELEPHONE, OR RECEIVE INFORMATION BY
AUTOMATED TELEFAX BY DIALING 202-647-3000 FROM THEIR FAX
MACHINE.

5. THE FOLLOWING PRESS GUIDANCES WERE PREPARED ON
12/19/96. THERE WAS NO REGULAR PRESS BRIEFING THAT DAY.
POSTS MAY DRAW FROM THESE GUIDANCES ON AN IF ASKED BASIS.

6. EXPORTS: COMPUTER ENCRYPTION

Q. WHAT IS THE DEPARTMENT'S REACTION TO THE FEDERAL
JUDGE'S RULING YESTERDAY STRIKING DOWN THE
ADMINISTRATION'S RESTRICTIONS ON THE EXPORT OF ENCRYPTED
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SOFTWARE?

- A. AS THE PRESIDENT RECENTLY SAID, ENCRYPTION
TECHNOLOGY WHEN USED OUTSIDE THE UNITED STATES HAS
CRITICAL IMPLICATIONS FOR FOREIGN POLICY AND
NATIONAL SECURITY INTERESTS, AND FOR THIS REASON
ITS EXPORT HAS BEEN CONTROLLED.
- WHEN USED BY INTERNATIONAL CRIMINAL ORGANIZATIONS
SUCH PRODUCTS CAN ALSO THREATEN THE SAFETY OF U.S.
CITIZENS HERE AND ABROAD AS WELL AS THE SAFETY OF
CITIZENS OF OTHER COUNTRIES.
- IT IS FOR THESE REASONS THAT THE U.S. GOVERNMENT
HAS LONG MAINTAINED EXPORT CONTROLS ON ENCRYPTION
TECHNOLOGY.
- WITH RESPECT TO THE LITIGATION IN THE BERNSTEIN
CASE NOW BEFORE THE COURTS, I WOULD DEFER TO THE
JUSTICE DEPARTMENT REGARDING ANY COMMENT.

7. DEPARTMENT: ARREST OF FORMER CA OFFICIAL FOR VISA FRAUD

Q. WHAT CAN YOU TELL US ABOUT THE ARREST OF FORMER CA OFFICIAL JOHN H. ADAMS?

A. JOHN H. ADAMS, A FORMER FOREIGN SERVICE OFFICER AND DEPUTY ASSISTANT SECRETARY IN THE BUREAU OF CONSULAR AFFAIRS, WAS INDICTED IN NEW HAMPSHIRE ON CHARGES OF CONSPIRACY TO COMMIT VISA FRAUD ON
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DECEMBER 16.

-- MR. ADAMS IS ALLEGED TO HAVE ILLEGALLY PROVIDED A NONIMMIGRANT VISA TO THE WIFE OF A PERSONAL FRIEND IN 1993, WHILE HE WAS THE CONSUL GENERAL AT THE U.S. EMBASSY IN MANILA.

-- THE INDICTMENT WAS THE RESULT OF A YEAR LONG INVESTIGATION BY THE DEPARTMENT'S BUREAU OF DIPLOMATIC SECURITY AND THE OFFICE OF THE INSPECTOR GENERAL.

-- AS THIS CASE IS NOW BEFORE THE COURTS, I CANNOT COMMENT FURTHER.

NOTE TO BRIEFER: THE FRIEND'S WIFE ALLEGEDLY FAILED TO DISCLOSE ON HER VISA APPLICATION THAT SHE HAD PREVIOUSLY BEEN DENIED A NONIMMIGRANT VISA, THEREFORE MAKING HER INELIGIBLE TO RECEIVE ONE. (SEE PRESS RELEASE ISSUED BY DEPARTMENT OF JUSTICE ATTACHED.)

8.

U.S. DEPARTMENT OF JUSTICE
UNITED STATES ATTORNEY
DISTRICT OF NEW HAMPSHIRE

DECEMBER 16, 1996

PRESS RELEASE

CONTACTS: PAUL M. GAGNON
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UNITED STATES ATTORNEY
TERRY L. OLLILA
ASSISTANT U.S ATTORNEY

CONCORD, NEW HAMPSHIRE -- UNITED STATES ATTORNEY
PAUL M. GAGNON ANNOUNCED TODAY THAT JOHN ADAMS, AGE 57,
OF PORTSMOUTH, NEW HAMPSHIRE, WAS INDICTED FOR CONSPIRACY
TO COMMIT VISA FRAUD, IN VIOLATION OF TITLE 18, UNITED
STATES CODE, SECTIONS 371 AND 1546. DURING THE COURSE OF
THE CONSPIRACY, ADAMS HELD THE TITLE OF DEPUTY ASSISTANT
SECRETARY FOR VISA SERVICES, WASHINGTON, D.C., AND CONSUL
GENERAL, EMBASSY OF THE UNITED STATES, MANILA,
PHILIPPINES. THE INDICTMENT ALLEGES THAT ADAMS ILLEGALLY
PROVIDED A NONIMMIGRANT VISA FOR ENTRY INTO THE UNITED
STATES TO LALITA PRASERTADISORN, A THAILAND NATIONAL AND
WIFE OF A PERSONAL FRIEND OF ADAMS WHO HAD PREVIOUSLY
BEEN DENIED A VISA.

THE INDICTMENT DESCRIBES THE FRAUDULENT SCHEME AS
FOLLOWS: (1) IN JANUARY, 1993, ADAMS, WHO AT THE TIME
HELD THE TITLE OF DEPUTY ASSISTANT SECRETARY FOR VISA
SERVICES, WASHINGTON, D.C., REQUESTED THAT CURT STRUBLE,
CONSUL GENERAL, BANGKOK, THAILAND, CONSIDER MRS. L.
PRASERTADISORN AND OTHERS FOR B-1/B-2 NONIMMIGRANT VISAS
FOR ENTRY INTO THE UNITED STATES; (2) ON OR AROUND
JANUARY 21, 1993, CONSUL OFFICER LARRY WOODRUFF, BANGKOK,
THAILAND, INFORMED ADAMS THAT THE B-1/B-2 NONIMMIGRANT
VISA APPLICATIONS (INCLUDING THAT OF MRS. L.
PRASERTADISORN) WOULD BE DENIED BECAUSE LALITA
PRASERTADISORN HAD FAILED TO DISCLOSE A PRIOR
NONIMMIGRANT VISA APPLICATION DENIAL; (3) FOLLOWING
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CONSUL OFFICER WOODRUFF'S DENIAL, ADAMS WROTE A LETTER
(IN FEBRUARY 1993 TO CHAIVID ("JOE") SURİYAPHRUKSH,
BANGKOK, THAILAND, CONCERNING THE B-1/B-2 NONIMMIGRANT
VISA DENIALS, WHICH INDICATED THAT ADAMS "WAS SORRY TO
LEARN ABOUT PAT'S WIFE AND THE OTHERS -- AS YOU PROBABLY
KNOW, LARRY WOODRUFF HAD ISSUED ALL OF THE VISAS...ONLY
WHEN HER NAME CAME UP IN THE COMPUTER CHECK DID OTHER
QUESTIONS ARISE WHICH RESULTED IN THEIR CANCELLATION.
HOPEFULLY I'LL BE ABLE TO WORK THINGS OUT WHEN I GET
MANILA;" (4) IN OR AROUND JULY 1993, ADAMS WAS REASSIGNED
TO THE POSITION OF CONSUL GENERAL, EMBASSY OF THE UNITED
STATES OF AMERICA, MANILA, PHILIPPINES; (5) IN OR AROUND
NOVEMBER 1993, ADAMS TRAVELED TO BANGKOK, THAILAND, TO
VISIT WITH CHAIVID ("JOE") SURİYAPHRUKSH AND PAT
PRASERTADISORN, THE HUSBAND OF LALITA PRASERTADISORN AND
A PERSONAL FRIEND OF ADAMS; (6) WHILE IN BANGKOK, ADAMS,
PAT PRASERTADISORN AND CHAIVID ("JOE") SURİYAPHRUKSH
DISCUSSED ALTERNATE METHODS OF OBTAINING A B-1/B-2
NONIMMIGRANT VISA FOR LALITA PRASERTADISORN, INCLUDING
THE ALTERING OF LALITA PRASERTADISORN'S NAME; (7) ON OR
AROUND DECEMBER 1, 1993, ADAMS WROTE CHAIVID ("JOE")
SURİYAPHRUKSH A LETTER WHEREIN ADAMS REQUESTED THAT JOE
"TELL PAT THAT LALITA BHRASERTADISON DOES NOT -- REPEAT --
NOT APPEAR IN OUR COMPUTER. THAT
'S GOOD NEWS SO I HOPE
PAT AND COMPANY WILL WILL MAKE IT OVER HERE BEFORE TOO
LONG;" (8) ON DECEMBER 20, 1993 IN MANILA, PHILIPPINES,
LALITA BHRASERTADHISON AND OTHER INDIVIDUALS (NAMED IN
THE INDICTMENT) APPLIED FOR B-1/B-2 NONIMMIGRANT VISAS
FOR ENTRY INTO THE UNITED STATES; AND (9) ON DECEMBER 21,
1993, JOHN ADAMS, CONSUL GENERAL, EMBASSY OF THE UNITED
STATES OF AMERICA, MANILA, PHILIPPINES, ISSUED THE
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B-1/B-2 NONIMMIGRANT VISAS.

JOHN ADAMS WAS ARRESTED AND ARRAIGNED ON THE

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Date Printed: 04/04/1997

DOC_NUMBER: 96STATE258809

CHANNEL: n/a

UNITED STATES' INDICTMENT ON DECEMBER 12, 1996. TRIAL IS SCHEDULED TO COMMENCE ON FEBRUARY 18, 1996. IF CONVICTED OF THE OFFENSE OF CONSPIRACY TO COMMIT VISA FRAUD, ADAMS COULD RECEIVE A TEN (10) YEAR TERM OF IMPRISONMENT. THE INDICTMENT WAS THE RESULT OF A YEAR LONG JOINT INVESTIGATION CONDUCTED BY THE DEPARTMENT OF STATE, BUREAU OF DIPLOMATIC SECURITY AND OFFICE OF INSPECTOR GENERAL. THE CASE WILL BE PROSECUTED BY ASSISTANT UNITED STATES ATTORNEY TERRY L. OLLILA.

CHRISTOPHER

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

DEPARTMENT OF STATE IM/IPS/CR/IR Date: 3/17/97
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**POLTAVA AND MURMANSK:
EPISODES IN WARTIME U.S.-SOVIET
MILITARY RELATIONS**

Summary

Two episodes in Western and Soviet relations during World War II -- one involving an airbase at Poltava, the other major Western deliveries of Lend-Lease matériel to the Soviet Union through Murmansk -- illustrate the difficulties and limitations in the joint wartime effort. The Soviet Union reluctantly agreed to the American request to establish an airbase at Poltava in support of a plan for "shuttle bombing" of German military targets. The Soviets frequently obstructed implementation of the plan, and failed to supply adequate security for the base, leaving the planes unprotected during devastating German air raids. In the case of Murmansk, the Soviets were initially unable to contribute much to the security of the convoys, which suffered heavy casualties during 1942 and 1943. Moreover, Soviet officials at Murmansk proved difficult and uncooperative in day-to-day activities. The Soviet Union later denied that the Poltava operation had any importance to the war effort or that security at the airbase had been inadequate, but showed a greater appreciation of the sacrifices made during the Lend-Lease effort by decorating American naval and merchant marine personnel involved in the convoys to Murmansk.

The Poltava Airbase and Operation FRANTIC

On September 5, 1943, the U.S. Chief of Air Staff, Maj. Gen. Barney M. Giles, directed plans for employment of U.S. heavy bombers from bases in the Soviet Union. He proposed "shuttle bombing", whereby planes based in England would fly on

to Russian bases after attacking targets in Germany, and make further attacks on their way home. In October, General H. H. Arnold, Commander of the Army Air Forces, had obtained approval from the Combined Chiefs of Staff for such a proposal and directed the U.S. Military Mission in Moscow to discuss it with the U.S.S.R. The objectives of a shuttle-bombing campaign, which was given the code name Operation FRANTIC, were fourfold: (1) attacking targets that were too distant to be reached on a round trip basis from English or Italian bases; (2) stretching German air defenses thin; (3) displaying U.S. willingness to cooperate with the Soviet Union against the common enemy; and (4) establishing a precedent for the use of bases in Siberia for the war against Japan.

Shuttle bombing was discussed in October 1943 at the Moscow Conference of Allied Foreign Ministers. After two days of consideration, Soviet Foreign Minister V. M. Molotov said that his government approved the plan "in principle." Getting from principle to practice took much time, for Soviet military officials were unresponsive. Although Stalin had seemed receptive when the topic came up at the Tehran Conference at the end of November, he did not grant his approval until February 2, 1944.

Major General John R. Deane, head of the U.S. Military Mission, presented a plan to the Soviets on February 5. The initial U.S. request was for the use of 6 airfields capable of supporting up to 360 heavy bombers, together with permission to conduct photo reconnaissance missions from the bases. American personnel would be limited to administrative and technical specialists. Marshal A. A. Novikov, Commander of the Red Air Force, suggested that the bases be located in the Ukraine east of Kiev, and said that their defense would be a Soviet responsibility.

In practice, three bases were made available, at Poltava, Mirgorod, and Piryatin. Much work needed to be done; the retreating Germans had destroyed everything of military value. Only the Poltava base had had paved runways to begin with, and these were too short for heavy bombers. Work began in April after five shiploads of supplies and equipment arrived at Murmansk. The Soviets assigned 2 labor battalions and 800 maintenance specialists to airfield construction.

The arrival of American personnel posed more difficulties. General Deane, who had to reduce his requirements from 2,100 to 1,200 men, encountered great difficulty in persuading the Soviet Government to allow them to enter the country on group visas. Even then, key officers sometimes faced long waits in Iran. The Soviets were also reluctant to allow either

independent communications facilities at the bases or reconnaissance flights from them. They eventually relented on both subjects. Despite advance notification and specified flight corridors, U.S. reconnaissance flights were sometimes fired on while crossing Soviet territory. By the end of May, however, all three bases were operational and a branch organization called Eastern Command was established.

Difficulties also arose regarding targets. The Soviets would not approve plans for attacks on aircraft factories at Riga, Latvia and Mielec, Poland. No explanation was forthcoming. The first mission was an attack on railroad yards in Debrecen, Hungary, on June 2, 1944. A force of 130 B-17s and 70 P-51 fighters of the 15th Air Force departed from their bases in Italy under the leadership of Lt. Gen. Ira C. Eaker. Much damage was done, opposition was minimal, and only one bomber was lost. Bad weather and inadequate maps and navigational aids notwithstanding, all planes reached the Russian bases. General Eaker's force stayed in Russia until June 11, when it returned to Italy attacking an airfield at Focșani, Romania and losing a second bomber. In the meantime, it also attacked another airfield in Romania on June 6 from its Russian bases.

Soviet officials and journalists who witnessed the arrival of the American planes seemed favorably impressed. Relations between American and Soviet personnel on the bases were cordial. The Russians were eager to learn all they could about American aircraft and were closely questioned by their superiors on what they had learned. Operation FRANTIC seemed to have made a promising start.

On June 21, in a second FRANTIC mission, the 8th Air Force despatched 114 bombers and 70 fighters from bases in England against a synthetic fuel plant near Berlin. German aircraft trailed this formation and photographed it after it had landed in Russia. That night, the Luftwaffe assembled 80 bombers for an attack on Poltava and Mirgorod. The Mirgorod strike force failed to find its target, but Poltava was bombed for nearly an hour and a half. No fighters opposed the German bombers and Russian antiaircraft fire was ineffective. The attack wrecked 47 bombers and seriously damaged 19 more, as well as destroying 200,000 gallons of gasoline and large quantities of bombs and ammunition. Two Americans and 25 Russians were killed. On the night of June 22, German bombers attacked Mirgorod. All the planes had been flown to airfields near Kharkov that morning, but this second raid destroyed large quantities of fuel and ammunition. The German bombers again encountered minimal opposition and suffered no losses. The surviving American planes left for bases in Italy on June 26, attacking a

synthetic fuel plant in Poland on the way.

The disaster at Poltava was a shock to the Army Air Force. The U.S. Military Mission in Moscow was directed to investigate Soviet air defenses and found that "night fighters" were merely regular planes with pilots trained to fly at night. Unlike their Allied or German counterparts, they carried no radar and had no radar stations on the ground to direct them. There were few heavy-caliber antiaircraft guns, and these were not radar-directed. General A. R. Perminov, who was in charge of Soviet base defenses, claimed that his planes were airborne and had orders to attack German airfields. Survivors of the second FRANTIC mission recalled that the Russians had not allowed American fighters to take off during the attack, and some believed that something more than negligence was involved. The Army Air Force was obliged to order participants in the second FRANTIC mission not to discuss their experiences, and later, to refrain from criticizing the Russians.

Since Soviet air defenses left much to be desired, General Deane sought permission to have American night fighters stationed at the Russian bases. He presented his proposal on June 26. Ambassador W. Averill Harriman thought he had received a favorable reply the next day, but Soviet approval was never forthcoming.

No additional FRANTIC missions were undertaken until July 22, when 76 P-38 and 58 P-51 fighters from the 15th Air Force flew to Russia after attacking airfields in Romania. They attacked an airfield in Poland on July 25 and returned to Italy on July 26, attacking airfields in Romania on the way. A similar mission was carried out between August 4 and 6. Two more bomber missions were flown to Russian bases. On August 6, the 8th Air Force sent 76 bombers and 64 fighters against an aircraft factory in Gdynia, Poland. The force attacked oil refineries in Poland the next day, and then proceeded to Italy on August 8, attacking air fields in Romania on the way. On September 11, a similar force bombed an arms factory in Chemnitz, Germany, and attacked a steel works in Hungary on September 13 during a flight to Italy. By this time, the Army Air Force concluded that the advance of the Soviet armies had placed the air bases too far east of German-held territory to make future raids worthwhile.

The last FRANTIC mission involved an effort to parachute supplies to the Polish Home Army in Warsaw. The Poles had revolted against the Germans on August 1, but the Soviet Government refused to permit Eastern Command bases to be used to assist them until September 11. On September 18, 107 bombers from the 8th Air Force dropped 1,284 containers of supplies over Warsaw. Heavy antiaircraft fire downed one

bomber and seriously damaged eight, and most of the containers fell into the German lines. The bombers continued to Italy the next day, attacking a railroad yard in Hungary on the way. On October 2, the Soviet Government refused permission for a second supply mission.

Nothing came of efforts to persuade the Soviets to grant access to bases in Poland or Romania and the bases in the Ukraine were closed down in October. All but 200 caretaker personnel were withdrawn by the end of the month. The last of the caretakers, isolated from Russian civilians and sometimes harassed by Soviet soldiers and officials, left on June 22, 1945.

In November 1944, the Army Air Force sought bases in Hungary. The subject was brought up at the Yalta Conference on February 12, 1945, and General Eaker was allowed to inspect sites, but Soviet approval was never forthcoming. The United States and Britain also sought permission to establish radio navigation stations in Soviet-held territory, but the Soviets were unwilling to allow foreign military personnel behind their lines. Efforts to have emergency landing fields designated were equally fruitless; distressed aircraft over Soviet-held territory were likely to be fired on, and downed aircrew were treated more like prisoners than allies. Cooperation between Western Allied and Soviet air forces was limited to establishing lines of demarcation to prevent accidental attacks on each other's ground troops.

The FRANTIC missions involved 1,030 aircraft which flew 2,207 sorties. Bombers attacked 13 targets with 1,955 tons of bombs, while fighters had attacked 3 more. The U.S. Air Force claimed that one hundred enemy planes were destroyed in the air, and 60 more on the ground. American losses in the air were 5 bombers and 17 fighters, with 2 aircrew killed, 10 wounded, and 41 missing. Losses from ground attack totalled 43 bombers, 2 transports, and a fighter, with 2 killed and 14 wounded. At the time, FRANTIC appeared to be a success. American officers had gotten to know their Soviet counterparts, and believed they had made a good-faith effort at cooperation. On the other hand, the Army Air Force's official history notes that many targets could have been reached without Russian bases, and others might have been considered not worth the effort. The German High Command was unimpressed, and regarded FRANTIC as little more than a propaganda feat. Soviet histories minimize the Poltava affair. While admitting the loss of 44 American and 15 Russian planes, they claim that their forces had vigorously defended the American bases, and that the Americans had rejected a suggestion to disperse their planes after landing.

The Murmansk Convoys

On June 24, 1941, two days after Nazi Germany invaded the Soviet Union, President Franklin D. Roosevelt promised assistance to the Soviet Union and unfroze Soviet assets in the United States. Discussions soon began between American and Soviet officials on the means of providing assistance. W. Averell Harriman and British Minister for Supply Lord Beaverbrook led a special mission to Moscow in September 1941. On October 1, delegates to the Moscow Conference signed a confidential protocol in which the United States and Britain agreed to supply the Soviet Union with 1.5 million tons of supplies by June 30, 1942. On November 7, 1941, President Roosevelt formally proclaimed that the defense of the Soviet Union was vital to the defense of the United States. The British had already despatched their first supply convoy to Russia on August 21, 1941.

Between June 22, 1941 and September 20, 1945, 17,499,861 tons of Lend-Lease cargo were shipped from the Western Hemisphere to the Soviet Union. Three principal routes were involved. Nearly half (47.1%) of the supplies were carried from West Coast ports to Vladivostok, after which they had to be transported across Siberia. After Pearl Harbor, only Soviet ships could use this route. Nearly half the remainder (23.8%) were sent by way of the Persian Gulf and Iran. This was the longest route. Until the Mediterranean was opened to Allied shipping, it took 76 days to travel the 14,500 miles between East Coast ports and the Persian Gulf by way of the Cape of Good Hope. The North Russia route carried 22.7% of Lend-Lease supplies to the Soviet Union. Merchant ships from the United States and Britain would assemble at Iceland for a voyage to Murmansk that usually lasted ten days. An additional two days would bring a convoy to the port of Archangel on the White Sea. Murmansk was free of ice all year, but Archangel could only be used in the summer and fall.

If the North Russia route was the shortest (4,600 miles from the United States), it was also the most dangerous. Natural hazards included fog, drifting ice, and storms with winds of up to 80 miles per hour. The worst weather was in winter, but almost perpetual darkness offered concealment. Nearly perpetual daylight during July and August favored enemy attacks. Shipwrecked sailors had little chance of survival in the icy Arctic Ocean.

The convoys had to pass close to German air and submarine bases in northern Norway. Most of the German surface fleet was also based in Norway, including Germany's most powerful battleship, the Tirpitz. Between August 1941 and May 1945,

there were 40 northbound convoys to and 35 southbound convoys from Murmansk. The northbound convoys (designated PQ until November 1942 and JW thereafter) involved 811 merchant ships. The southbound convoys (designated QP and later RA) returned 715 ships. A total of 96 merchant ships were lost, 81 of them to enemy action while in convoy, along with 18 escorting warships. Lost with them were 1,944 naval and 829 merchant marine personnel. Out of 3.9 million tons of cargo sent from the United States and Britain, 3.7 million tons arrived.

Most losses took place between April and November of 1942. The worst case involved northbound convoy PQ-17, which included 33 merchant ships. On July 4, 1942, the British Admiralty, hearing that the German fleet had sailed to intercept the convoy, withdrew the escort and supporting forces and ordered the merchant ships to scatter and proceed independently. Only 11 reached Russian ports. Convoys were then suspended until September, when PQ-18 was despatched. It lost 13 out of 40 ships. Another suspension took place in October and November, when warships were needed for the invasion of North Africa. During this time, merchant ships sailed independently to and from Russia. Five out of ten outbound ships were lost, and all but one of 30 homeward-bound ships returned. Shipping losses declined dramatically thereafter. Sixty-three ships had been lost in convoys to North Russia during 1942; 4 were lost in 1943, 7 in 1944, and 6 in 1945. More warships, including small aircraft carriers, were available to protect the convoys during these later years. Also, Luftwaffe bomber squadrons had been redeployed to other fronts, and German warships had been either destroyed, disabled, or withdrawn to home waters.

The British Navy provided most of the escorts that protected the North Russia convoys. Between April 1942 and November 1943, the U.S. Navy's Task Force 39 (later 99) operated with the British Home Fleet. This force included one or two battleships, an aircraft carrier, two cruisers, and a squadron of destroyers. Elements of Task Force 99 took part in convoys PQ-15 through 17. In August, when convoys had been suspended, the heavy cruiser Tuscaloosa and two destroyers made a voyage to deliver priority cargo to Murmansk. U.S. Navy personnel manned guns aboard American merchant ships. Several of the small aircraft carriers used by the Royal Navy as convoy escorts during 1944 and 1945 had been built in the United States and were equipped with American-built planes.

American merchant ships began participating in convoys to North Russia in January 1942. Of 84 American ships that sailed for Russia between April and June, 23 were lost and 17 had to return to Britain when they could not unload their cargoes. Twenty-two of the 33 merchant ships in the ill-fated

convoy PQ-17 were American, and 15 of them were lost. American ships predominated in the JW and RA series of convoys, and the last losses to them occurred on March 21, 1945, when German submarines torpedoed two freighters, one of which sank.

When Germany invaded the Soviet Union in 1941, the Soviet Northern Fleet lacked the capability to do more than defend the immediate vicinity of Murmansk. Soviet ships and aircraft would escort approaching convoys during the last day or two of their voyage, but seldom ventured far from their bases. The Soviet Navy suffered from obsolete equipment, a lack of technical personnel, and a rigid and highly centralized command structure. During the war, the Soviet Northern Fleet was reinforced by destroyers and submarines from the Soviet Pacific Fleet, and also received many of the 556 ships supplied to the Soviet Union by the United States and Britain under the Lend-Lease program. Most of these were small craft such as motor torpedo boats, subchasers, and minesweepers.

During 1944, the Soviet Navy received a number of warships that were intended as temporary substitutes for its share of the surrendered Italian fleet. These included the American cruiser Milwaukee, the British battleship Royal Sovereign, 4 British submarines, and 9 of the old destroyers that Britain had received from the United States in 1940. The two larger ships, renamed Murmansk and Archangelsk respectively, spent most of their time in port, but the destroyers helped the Northern Fleet to play a more active role in convoy escort. One submarine and one destroyer were lost, but the remaining ships were eventually returned to their former owners for disposal after the war.

Facilities in Russian ports were limited, so that merchant ships often had to wait weeks or months to unload their cargoes. Much of the labor was provided by Russian soldiers on leave, women, or political prisoners. Soviet authorities prevented British and American seamen from assisting in the unloading. The nearest German airfield was only 35 miles away and small-scale air raids were frequent. Docks and railroads were the principal targets and only 5 ships were sunk while in Russian ports.

As they waited to depart, American seamen found that living conditions in the North Russian ports were harsh. Although the Russian people were friendly and eager to share what little they had, Soviet officials were often suspicious, distrustful, and reluctant to make decisions without consulting their superiors in Moscow. While the Soviet government opened clubs for sailors in the ports, it discouraged fraternization with civilians. It also did its best to minimize the numbers of

foreign military personnel stationed in North Russia. The British military mission was limited to 170 men. British fighter squadrons operated from North Russian bases in September 1941, and British bomber squadrons did so a year later. In both cases, British pilots soon had to turn their planes over to the Russians and return home. In August 1942, Soviet authorities refused to allow a British medical detachment to disembark at Murmansk. The Allies did not get permission to establish hospital facilities for their sailors until 1944.

The official representative of the United States at Murmansk was Commander (later Captain) Samuel B. Frankel, the Assistant Naval Attaché for Air. He was usually assisted by a single Navy yeoman, although personnel from the U.S. Military Mission were temporarily assigned to work with him. Frankel described his duties as ranging from "shipping magnate down or up the scale through agent, consul, doctor, chaplain, moneylender, maritime commission representative, labor intermediary, and coordinator of various Soviet agencies." His abilities received their greatest test in July 1942, when the destruction of convoy PQ-17 left him with 567 shipwrecked American sailors to feed, shelter, and repatriate, together with responsibility for the salvage of a beached American freighter. On June 30, 1942, American Ambassador William H. Standley wrote to the Department of State that he saw no useful purpose in establishing a consulate at Murmansk. Since it was in a combat zone, military officials would probably be more effective than civilians in dealing with Soviet authorities.

Soviet merchant ships regularly sailed in the convoys. If suspicion and distrust were common between Americans and Russians ashore, cooperation was necessary for survival at sea. On July 6, 1942, following the dispersal of convoy PQ-17, the Soviet tanker Donbas rescued the crew of the Liberty Ship Daniel Morgan. In return, gunners from the Morgan manned a gun and helped drive off attacking German planes.

The end of the war in Europe brought rejoicing to Russians and Americans alike in Murmansk. The celebrations included much firing into the air by ships and shore batteries. Soviet officials later claimed that American ships had shot down several barrage balloons during the festivities, causing damage to property and injury to military personnel. On August 1, 1945, the American Embassy in Moscow concluded that the Soviet claims were unfounded. One ship had only blown its whistle, the other two had been careful to fire out to sea, and two balloons had gone down before any American ships had fired.

The Soviet Government first mentioned the subject of decorating American military and merchant marine personnel who

had served in the convoys in September 1943. On April 11, 1944, Soviet Ambassador Andrei A. Gromyko presented orders and decorations to 26 Army, 16 Navy, and 10 Merchant Marine personnel in a ceremony at the Mayflower Hotel in Washington, D.C. The Soviet Government proposed a second series of awards on October 26, 1944, and received a list of candidates for them on March 21, 1945. In July and August of 1945, nearly 200 U.S. Navy and Coast Guard personnel received Soviet orders and decorations "for outstanding military activities aiding the delivery to northern ports of the Soviet Union during war against the common enemy . . . of transports with military cargo and for valor and courage displayed while performing this duty."

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CINCPAC FOR POLAD

E.O. 12065: GDS 4/23/86 (CROSS, CHARLES T.)
TAGS: PINT, SHUM, TW
SUBJECT: COMMENTARY ON VERDICT IN KAOHSIUNG EIGHT TRIAL

REF: A. TAIPEI 1939 ✓ B. TAIPEI 1893 ✓

1. () - ENTIRE TEXT.)

2. SUMMARY: THE WRITTEN STATEMENT ACCOMPANYING THE
VERDICT IN THE TRIAL OF THE KAOHSIUNG EIGHT (REF A) AT-
TEMPTED TO CITE ARGUMENTS ADVANCED BY THE DEFENSE AND MAKE
PLAUSIBLE REBUTTALS. HOWEVER, A NUMBER OF THE DEFENSE
ARGUMENTS WERE NOT FAIRLY STATED NOR WERE THE REFUTATIONS
WELL-ARGUED. IN EACH CASE THE JUDGE RELIED EXCLUSIVELY
ON TESTIMONY PRODUCED PRIOR TO THE TRIAL AS IF THE TRIAL
EXCHANGES HAD NOT TAKEN PLACE. THE CONCEPTS OF SEDITION
AND "TAIWAN INDEPENDENCE" EMPLOYED IN THE VERDICT WERE SO
BROAD THAT THEY COULD BE USED AGAINST EVEN THE MOST CAU-
TIOUS OPPOSITIONISTS IN THE FUTURE. THE VERDICT COMES AS

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NO SURPRISE AND THE WRITTEN STATEMENT IS LIKELY TO CON-
VINCE ONLY THE TRUE BELIEVER. IT WILL BE SEEN AS A STRONG
WARNING THAT VIEWS OPPOSING OFFICIAL ORTHODOXY MAY BE
HANDLED WITH SEVERITY. THE FOLLOWING QUOTATION CAPTURES
THE FLAVOR OF THE WRITTEN VERDICT:

-- "FORMOSA WAS ESTABLISHED BASED ON A SEDITIOUS INTENT
-- ON OVERTHROWING THE GOVERNMENT THROUGH ILLEGAL MEANS...
-- THE CRIME HAS BEEN ESTABLISHED REGARDLESS OF WHEN THE
-- PARTICIPANTS ARRIVED ON THE SPOT, WHETHER THEY MADE OR

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-- SHOUTED SLOGANS OR NOT, OR WHETHER THEY USED STONES
-- AND CLUBS OR KNIVES AND GUNS." END SUMMARY.

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3. DEFENSE ARGUMENTS AND REBUTTAL.

ALTHOUGH THE STATEMENT ACCOMPANYING THE VERDICT INCLUDED ARGUMENTS WHICH THE DEFENSE MADE IN COURT, THE REFUTATION OF THESE ARGUMENTS WAS NOT MADE ON THE BASIS OF PROSECUTION EFFORTS DURING THE TRIAL, BUT ALMOST EXCLUSIVELY ON THE WRITTEN CONFESSIONS AND TESTIMONY PRODUCED PRIOR TO THE TRIAL. THE DEFENSE HAD CHALLENGED SUCH PREPARED TESTIMONY EFFECTIVELY IN THE MINDS OF MANY OBSERVERS, BUT NOT APPARENTLY OF THE JUDGES. IT WAS ALMOST AS THOUGH THE TRIAL EXCHANGES HAD NOT TAKEN PLACE. IN COURT, FOR EXAMPLE HUANG HSIN-CHIEH ARGUED THAT THE NT \$500,000 HE HAD GIVEN TO HUNG CHIH-LIANG WAS A LOAN, NOT AN INVESTMENT, AND THAT HE HAD THE REPAYMENT STUBS TO PROVE IT. THIS WAS NOT REFLECTED AT ALL IN THE VERDICT WHICH STATED BOLDLY THAT THE PRE-TRIAL "EVIDENCE" ESTABLISHED THERE WAS A PARTNERSHIP.

4. OTHER DEFENSE ARGUMENTS WERE SUMMARILY KNOCKED DOWN. OFFICIAL DOCUMENTS SUCH AS THE SOUTHERN TGGH REPORT ON THE KAOHSIUNG INCIDENT AND THE POLICE REPORTS, AS WELL AS

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THE CONFESSIONS AND WRITTEN RECORDS OF THE INTERROGATIONS WERE THE SOURCES OF FACT WHICH WERE ACCEPTED BY THE COURT AS THOUGH DEFENSE CHALLENGES OF THEIR ACCURACY HAD NOT BEEN HEARD. THE COURT RULED THAT THE CONFESSIONS WERE ACCEPTABLE AS EVIDENCE IN SPITE OF THE CLAIMS BY THE DEFENSE OF PSYCHOLOGICAL COERCION, FATIGUE, AND IN THE CASE OF LIN YI-HSIUNG OF TORTURE AND CONCLUDED THAT SINCE "ALL OF THE ABOVE-MENTIONED CONFESSIONS ARE CONSISTENT SO THEY ARE CREDIBLE." THE DEFENSE HAD CLAIMED EXACTLY THE OPPOSITE, I.E. THAT TERMS AND "FACTS" WERE INTRODUCED INTO ALL CONFESSIONS BY THE INTERROGATORS AND HENCE THE CONSISTENCY ARGUED FOR A SINGLE EXTERNAL SOURCE, NOT FULL CONFESSIONS. THE COURT RULED THAT "IT WAS GROUNDLESS TO CHARGE THAT THE NAMES (SUCH AS POWER SEIZURE PLANS) WERE FABRICATED BY INVESTIGATORS." THE VERDICT MENTIONED THAT THE DEFENSE HAD TRIED TO MAKE THE CASE THAT THE POOR HANDLING OF THE SITUATION BY THE SECURITY PERSONNEL "TRIGGERED" THE RIOT. HOWEVER, THE VERDICT RULED THAT "FORMOSA WAS ESTABLISHED BASED ON A SEDITIONARY INTENT ON OVERTHROWING THE GOVERNMENT THROUGH ILLEGAL MEANS... THE CRIME HAS BEEN ESTABLISHED REGARDLESS OF WHEN THE PARTICIPANTS ARRIVED ON THE SPOT, WHETHER THEY MADE OR SHOUTED SLOGANS OR NOT, OR WHETHER THEY USED STONES AND CLUBS OR KNIVES AND GUNS." HENCE THE EFFORTS OF THE DEFENSE TO CLARIFY WHO HAD DONE WHAT AND WHAT SHOULD BE THE DEGREES

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OF GUILT WERE ALL DISMISSED AS SPLITTING HAIRS.

5. SOME ARGUMENTS EXTENSIVELY DEVELOPED BY THE DEFENSE WERE ONLY HALF BROUGHT UP IN THE VERDICT. IT WAS POINTED OUT, FOR EXAMPLE, THAT HSU CHUN-TAI HAD RETURNED TO THE POLICE SUB-STATION AND SAID HE DIDN'T SMELL ANY GAS. "ACCORDINGLY, THE ARGUMENT THAT THE TEAR GAS RELEASED BY ANTI-RIOT FORCES CAUSED THE PEOPLE TO TAKE REFUGE IS GROUNDLESS." THE DEFENSE HAD ALSO ARGUED THAT A CLOUD OF SMOKE HAD BEEN RELEASED FROM THE DIRECTION OF THE MILITARY POLICE, AND WHETHER IT WAS TEAR GAS OR NOT, IT

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CINCPAC HONOLULU HI

SECTION 02 OF 03 TAIPEI 02024

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HAD MADE THE CROWD WHO WERE TIGHTLY SURROUNDED BY TROOPS NERVOUS AND SUSCEPTIBLE TO PANIC WHEN UNKNOWN PERSONS SHOUTED "THEY'RE SETTING OFF TEAR GAS." ON ANOTHER POINT, THE COURT AGREED THAT LIN YI-HSIUNG ARRIVED LATER, WITH K'ANG NIN-HSIANG, BUT STATED THAT "THE TIME OF HIS ARRIVAL CANNOT NEGATE HIS SEDITIONOUS INTENT." THE VERDICT SAID HIS GUILT WAS SPECIALLY CLEAR SINCE HE HAD BEEN INFLUENCED BY KUO YU-HSIN'S FAILURE IN THE ELECTIONS,

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THAT HIS THREE BOOKS (WHICH LIN TESTIFIED REFLECTED HIS POLITICAL THINKING) COULD NOT BE USED TO DENY HIS SEDITIOUS INTENT, AND THAT LIN HAD CLEARLY TESTIFIED DURING THE PROSECUTOR'S INVESTIGATION THAT "HE WAS INSTRUCTED BY HUANG HSIN-CHIEH TO TAKE PART IN THE 'FIVE-MEMBER GROUP' IN SPITE OF LIN'S TESTIMONY IN COURT THAT HE HAD NEVER HEARD HUANG SAY THAT HE WAS A MEMBER AND HUANG HSIN-CHIEH HAD NO RIGHT TO APPOINT HIM A MEMBER OF SUCH A GROUP WITHOUT HIS PERMISSION. IN SUM, WHILE AN EFFORT WAS MADE TO CITE SOME OF THE DEFENSE POSITIONS AND TO HAVE A PLAUSIBLE REJECTION OF EVERY ONE OF THEM, THE DEFENSE

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VIEWS WERE NOT FAIRLY STATED, NOR WERE THE REFUTATIONS SERIOUSLY ARGUED. ONLY THE TRUE BELIEVER WILL BE CONVINCED.

6. CONCEPTS OF SEDITION AND "TAIWAN INDEPENDENCE." THE VERDICT EMPLOYED A CONCEPT OF SEDITION BASED ON THAT USED BY THE PROSECUTION (REF B) WHICH APPEARS SWEEPING IN EFFECT. SEDITION WAS DEFINED IN TERMS OF OVERTHROWING THE GOVERNMENT BY ILLEGAL MEANS AND COMPOSED OF INTENT AND OVERT ACTS. THE VERDICT STATED THAT THE OFFENSE WAS CONSIDERED TO HAVE BEEN COMMITTED AS SOON AS THE OFFENDER HAD BEGUN TO CARRY OUT THIS INTENT. THE VERDICT MADE CLEAR, HOWEVER, THAT ONCE INTENT HAD BEEN ESTABLISHED, IT WAS SUFFICIENT TO SHOW MERELY THAT THERE WERE ACTS "BASED" ON THIS INTENT. IN OTHER WORDS, ALMOST ANY POLITICAL ACT, EVEN LEGAL ONES, COULD BE USED TO CONVICT A PERSON WHO HAD BEEN SHOWN TO ESPOUSE "SEDITIONOUS" IDEAS. MANY OF THE ACTS CITED, FOR EXAMPLE--SUCH AS THE ESTABLISHMENT OF "FORMOSA" MAGAZINE, ORGANIZATION OF BRANCH OFFICES AND SPONSORSHIP OF RALLIES--WERE IN THEMSELVES LEGAL. YET THE VERDICT CONSIDERED THEM PROOF OF SEDITION BECAUSE "ALL ACTIVITIES DESIGNED TO CARRY OUT THEIR (THE DEFENDANTS') SEDITIOUS INTENT CAN BE CONSIDERED AS ILLEGAL MEANS." SUCH A CONCEPT MAKES ANY POLITICAL OPPONENT OF THE REGIME VULNERABLE TO THE CHARGE SINCE THE AUTHORITIES SIMPLY HAVE TO BRAND HIS IDEAS OR INTENT AS "SEDITIONOUS."

7. THE VERDICT CONCLUDED THAT "TAIWAN INDEPENDENCE" WAS IN ITSELF A "SEDITIONOUS" IDEA WHICH WAS ESPOUSED BY ALL OF THE DEFENDANTS. DURING THE TRIAL THE DEFENDANTS PRESSED THE PROSECUTION FOR A DEFINITION OF "TAIWAN INDEPENDENCE," ARGUING THAT IT WAS A VAGUE CONCEPT WHICH HAD MULTIPLE MEANINGS--SUCH AS THE "GERMAN MODEL", THE "SINGAPORE

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MODEL", AND THAT ESPOUSED BY THE WORLD UNITED FORMOSANS FOR INDEPENDENCE. WHEN DESCRIBING THEIR OWN BELIEFS, THE DEFENDANTS GENERALLY SPOKE OF TAIWAN'S FUTURE BEING DETERMINED BY ALL THE INHABITANTS OF THE ISLAND OR MENTIONED THAT THE "REPUBLIC OF CHINA" HAD IN FACT FUNCTIONED AS AN INDEPENDENT COUNTRY ON TAIWAN FOR THIRTY YEARS, CONCEPTS WHICH THEY BELIEVED DID NOT MEAN OVERTHROW OF THE GOVERNMENT AND CONSTITUTION AND HENCE SHOULD BE TOLERATED EVEN THOUGH THEY RECOGNIZED THE AMERICAN TIM VIEWS COULD BE CONSIDERED SEDITIOUS. WHILE NEITHER THE PROSECUTION NOR THE JUDGE EVER GAVE A DEFINITION OF THE CONCEPT, THE VERDICT MADE CLEAR THAT EVEN THE MORE INNOCENT OF SUCH BELIEFS ARE CONSIDERED "TAIWAN INDEPENDENCE" AND ARE THUS SEDITIOUS BECAUSE THEY CONSTITUTED AN INTENT TO SEPARATE TAIWAN FROM THE MAINLAND. SEVERAL OBSERVERS HAVE NOTED THAT THE COURT DECISION SET A "JUDICIAL PRECEDENT BY MAKING ADVOCACY OF ANY FORM OF "TAIWAN INDEPENDENCE" A SEDITIOUS CRIME. THE VERDICT THUS BROADENED THE MEANING OF "INDEPENDENCE," MAKING THE CONCEPT ONE WHICH COULD BE USED IN THE FUTURE AGAINST EVEN THE MOST CAUTIOUS OF OPPOSITIONISTS SUCH AS KANG NING-HSIANG AND EVEN NON-POLITICAL GROUPS SUCH AS THE PRESBYTERIANS, WHOSE 1977 DECLARATION SPOKE OF TAIWAN BECOMING AN INDEPENDENT COUNTRY.

8. A COROLLARY OF THE VERDICTS ARGUMENTATION IS THAT A FINDING OF SEDITION DOES NOT REQUIRE PROOF OF ANY CONNECTION WITH THE PRC. MANY OF THE "FORMOSA" STAFFERS BELIEVED LAST FALL THAT THEY WOULD NOT BE VULNERABLE TO BEING CHARGED WITH SEDITION IF THEY AVOIDED PRC CONNECTIONS SUCH AS WITH HUNG CHIH-LAING. THE VERDICT, HOWEVER, MADE NO ATTEMPT TO IMPLICATE THE OTHER DEFENDANTS IN THE HUANG HSIN-CHIEH/HUNG CHIH-LIANG CONNECTION WHICH TIES IN WITH THE PRC. IT MADE CLEAR THAT DEMONSTRATION OF "TAIWAN INDEPENDENCE" IDEAS AND ACTIVITIES WAS SUFFICIENT FOR CONVICTION OF SEDITION.

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9. HERESIES. A NUMBER OF THINGS WHICH THE DEFENDANTS

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SAID OR ADMITTED TO WERE NOT MENTIONED IN THE VERDICT AT ALL. EXAMPLES INCLUDE: SHIH MING-TE'S REMARKS CONCERNING THE EXISTENCE OF ONE ROC AND ONE PRC; YAO CHIA-WEN'S CLAIM THAT THEY WANTED TO USE THE NAME "REPUBLIC OF CHINA" TO REAPPLY TO THE U.N. AND THAT THEY WERE VERY CONCERNED ABOUT THEIR 800,000,000 COUNTRYMEN ON THE OTHER SIDE OF THE TAIWAN STRAIT, BUT FELT THAT THE WAY TO HELP THEM WAS TO CARRY OUT DEMOCRATIC REFORMS ON TAIWAN AS A FIRST STEP BEFORE RECOVERING THE MAINLAND; YAO'S ADMISSION THAT HE HAD DISCUSSED THE IRAN SITUATION AND THAT HE FOUND IT VERY STIMULATING BECAUSE IT SHOWED THAT IN SPITE OF THE HIGH CALIBER OF THE SHAH'S IRANIAN ARMY, IT HAD BEEN OF NO USE AGAINST THE IRANIAN PEOPLE, YAO'S ASSERTION THAT MANY FEARED KMT GOVERNMENT MIGHT NEGOTIATE WITH THE CHINESE COMMUNISTS FOR UNIFICATION BUT THEY BELIEVED THE PEOPLE ON TAIWAN WOULD OPPOSE SUCH AN ACTION; LU-HSIU-LIEN'S ADMISSION THAT SHE SAID "TAIWAN HAS BEEN CHEATED LONG ENOUGH, IT IS TIME FOR TAIWANESE TO RAISE UP THEIR OWN HEADS..." THERE IS NO DOUBT THAT SUCH REMARKS WEIGHED

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AGAINST THE DEFENDANTS, BUT THE GOVERNMENT PROBABLY CHOSE NOT TO LET THEM FIGURE IN THE VERDICT, BECAUSE IT KNEW THE VERDICT WOULD BE WIDELY READ DOMESTICALLY AND HAD NO DESIRE TO RAISE AGAIN SUCH POINTS. MANY TAIWANESE NOTED SUCH "HERESIES" WHEN THEY FIRST EMERGED AT THE TRIAL AND SOME HAVE REMARKED THAT THEY HIT PARTICULARLY VULNERABLE SPOTS IN THE KMT IDEOLOGICAL ARMOR.

10. ACCOMPANYING MEDIA CAMPAIGN. THE TASK OF MOBILIZING

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PUBLIC OPINION BEHIND THE COURT DECISION, WHICH PROVIDES THE AUTHORITIES' RESPONSE TO THE OPPOSITIONIST ARGUMENTS ON THE KAOHSIUNG INCIDENT, BEGAN EVEN BEFORE THE DECISION WAS ANNOUNCED WITH A MEDIA CAMPAIGN LED BY THE AUTHORITY "CHUNG YANG JIH PAO." DISCLOSURE THAT THE KMT CENTRAL STANDING COMMITTEE PASSED ON APRIL 16 A LONG-RANGE PLAN TO "REBUT" THE DEFENSE ARGUMENTS SUGGESTS IT WILL BE INTENSIFIED NOW THAT THE DECISION IS OUT. TELEVISION AS WELL AS THE PRESS IS BEING BROUGHT INTO ACTION AND TAIWANESE, INCLUDING SUCH "NON-KMT" PERSONS AS TAINAN MAYOR SU NAN-CHENG, ARE BEING MOBILIZED TO TAKE ON SUCH TOPICS AS TAIWAN INDEPENDENCE, THE ROLE OF TAIWANESE IN THE GOVERNMENT HERE, TAIWANESE AS CHINESE, ROLE OF SECOND PARTY, HUMAN RIGHTS, ETC.

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11. COMMENT: THE VERDICT IN THE TRIAL CAME AS NO SURPRISE, SINCE FEW HAD ASSUMED TRIAL IN MILITARY COURT ON SEDITION CHARGES COULD HAVE ANY OTHER OUTCOME THAN GUILTY. WHILE THE WRITTEN VERDICT ATTEMPTS TO PROVIDE A PLAUSIBLE CASE AGAINST THE DEFENDANTS, IT WILL NOT CONVINCE THOSE WHO HELD CONTRARY OPINIONS EITHER BEFORE OR AS A RESULT OF THE OPEN TRIAL.

12. THE VERDICT WILL CLEARLY BE SEEN AS A STRONG WARNING

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THAT VIEWS OPPOSING OFFICIAL ORTHODOXY MAY BE HANDLED WITH SEVERITY. IT IS ALSO MADE VERY CLEAR THAT "TAIWANIZATION" IS NOT FAVORED BY THE KMT RULING GROUP; "SINIFICATION" OF TAIWAN REMAINS THE OFFICIAL POLICY, AND IT IS THE CURRENT MAINLANDER GROUP WHICH SHALL DECIDE HOW THIS POLICY SHOULD BE IMPLEMENTED, BASED ON ITS CLAIM TO REPRESENT ALL CHINA. ANY PROPOSAL TO HAVE A GOVERNMENT REFLECT JUST THE 17 MILLION PERSONS ON TAIWAN MAY BE CONSIDERED TO BE MERELY ANOTHER FORM OF "TAIWAN INDEPENDENCE" THINKING. THIS IS OBVIOUSLY A TRADITIONAL HARDLINE POSITION, AND IN PRIVATE THE GOVERNMENT WILL NO DOUBT PERMIT MORE FLEXIBILITY AS IT HAS IN THE PAST. CROSS

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CORRECTED COPY (PARA 3 LINE 5)

EO 12065: GDS 4/25/86 (FERGUSON, D)
TAGS: SHUM PEPR TW
SUBJ: U.S. REACTION TO REV. KAO'S ARREST
REF: TAIPEI 2088 ✓

1. ENTIRE TEXT)

2. SUMMARY: UNITED PRESBYTERIAN LEADERSHIP IS EXTREMELY
DISTURBED BY KAO CHUN-MING'S ARREST, AND THERE HAS BEEN
SMALL BUT SIGNIFICANT CONGRESSIONAL INTEREST. NEWS MEDIA
INTEREST HAS BEEN SLIGHT. END SUMMARY.

3. CONGRESSIONAL REACTION: THE INITIAL CONGRESSIONAL
ATTENTION WHICH WAS DRAWN TO YESTERDAY'S (4/24) ARREST OF

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TAIWAN PRESBYTERIAN CHURCH GENERAL SECRETARY KAO CHUN-MING
HAS BEEN ECLIPSED BY NEWS OF THE IRAN RESCUE OPERATION.
YESTERDAY, HOWEVER, THERE WAS A STRONG FEELING AMONG INTER-
ESTED CONGRESSIONAL STAFFERS THAT THE POSSIBILITY OF A
CONGRESSIONAL HEARING ON THE TAIWAN HUMAN RIGHTS SITUATION
INCREASED CONSIDERABLY BECAUSE OF REV. KAO'S ARREST. THIS
MORNING (4/25) CONG. WOLFF'S STAFF SPECIFICALLY REQUESTED
THE DEPARTMENT TO KEEP THEM FULLY INFORMED ON FURTHER
DEVELOPMENTS IN THE KAO ARREST AND POSSIBLE HARRASSMENT

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OF OTHER TAIWAN PRESBYTERIANS.

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4. CHURCH GROUPS: A DELEGATION FROM THE NEW YORK HEAD-QUARTERS OF THE UNITED PRESBYTERIAN CHURCH MET WITH DAVID DEAN THIS MORNING (4/25) TO EXPRESS THEIR DEEP CONCERN FOR THE FUTURE OF THE PRESBYTERIAN CHURCH IN TAIWAN. THE DELEGATION LEADER, DR. NEWTON THURBER SAID THAT THE UNITED PRESBYTERIAN CHURCH PLANS TO SN OBSERVER TO THE TRIALS OF THE EIGHT CHARGED WITH HIDING SHIH MING-TEH. THE OBSERVER IS TO BE CHICAGO ATTORNEY HARRY DEBRUYN, FORMER MODERATOR OF THE CHURCH IN AMERICA. THE GERMAN CHURCH ALSO HOPES TO SEND AN OBSERVER TO THE TRIAL, BERLIN BISHOP KRUSE. THURBER ADVISES THAT ARREST OF REV. KAO HAS PROMPTED THE GERMAN CHURCH TO SEEK FRG ECONOMIC SANCTIONS AGAINST TAIWAN ON HUMAN RIGHTS GROUNDS.

5. ACCOMPANYING THE PRESBYTERIANS WAS A CATHOLIC MARYKNOLL DELEGATION. THEIR SPOKESMAN, FR. KILLACKEY OF THE MARYKNOLL "OFFICE OF JUSTICE AND PEACE" IN WASHINGTON, D.C. SAID THAT THE KAO ARREST HAS DISTURBED THEM DEEPLY. THE MARYKNOLLS HAVE REQUESTED THE UNITED CATHOLIC COUNCIL TO TAKE THE ARREST OF REV. KAO UNDER ADVISEMENT DURING ITS UPCOMING ADMINISTRATIVE MEETING IN THE MIDWEST.

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6. PRESS INTEREST: DURING HEAVY QUESTIONING ON IRAN AT TODAY'S (4/25/80) NOON BRIEFING, THE DEPARTMENT SPOKESMAN TOOK A QUESTION ON REV. KAO'S DETENTION FROM AN AMERICAN REPORTER WHO ASKED "ON BEHALF OF A COLLEAGUE". THERE HAVE BEEN NO OTHER QUERIES FROM U.S. OR TAIWAN NEWSMEN.

7. PUBLIC INTEREST: PUBLIC INTEREST, SO FAR AS WE ARE AWARE, HAS COME SOLELY FROM THE TAIWN COMMUNITY. WE HAVE RECEIVED SEPARATE CALLS FROM THE TAIWAN ASSOCIATION HERE IN WASHINGTON AND FROM KUO YU-HSIN'S PROTEGE, N.H. WANG. REV. THURBER ADVISES THAT THE NEW YORK TAIWAN GROUPS ARE PLANNING SOME WEEKEND ACTIVITY AND THAT HE, PERSONALLY, HAS CAUTIONED AGAINST VIOLENCE. THE DEPARTMENT HAS NOTIFIED STATE/SY WHICH IS TAKING APPROPRIATE ACTION.

8. WE ARE TRANSMITTING DRAFT PRESS GUIDANCE VIA SEPTTEL.

SIGNED DEAN. VANCE

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E.O. 12065: GDS 2/21/86 (CROSS, CHARLES T.)
TAGS: PEPR, PINT, TW, US
SUBJECT: ROLE OF MODERATE OPPOSITION IN THE TRANSITION
- AWAY FROM AUTHORITARIANISM

REF: (A) WASHDC 35600, ✓ (B) 79 TAIPEI 3407, ✓
- (C) 79 TAIPEI 3880, ✓ (D) 79 TAIPEI 4033, ✓
- (E) 79 TAIPEI 3970 ✓

1. [REDACTED] ENTIRE TEXT.)

2. IN MUCH OF OUR PREVIOUS REPORTING, BUT PARTICULARLY REFS B-E, WE HAVE ADDRESSED THE QUESTION OF GRADUAL TRANSITION FROM AUTHORITARIANISM IN THE CONTEXT OF POLITICAL DEVELOPMENT ON TAIWAN. THERE IS THE CONVICTION HERE IN TAIWANESE AS WELL AS MAINLANDER CIRCLES THAT IT IS IMPORTANT TO MAINTAIN A STRONG EXECUTIVE IN ANY TRANSITION TO AN INCREASINGLY DEMOCRATIC SYSTEM, PARTICULARLY ONE OF AN ASIAN NATURE; WEAK EXECUTIVE POWER IS CONSIDERED NOT AS CONDUCTIVE TO A FUNCTIONING DEMOCRACY, BUT AS LEADING TO AN UNSTABLE, UNDISCIPLINED RULE WHICH DOES NOT HAVE THE SANCTION OF RIGHT TO GOVERN (MANDATE OF HEAVEN) IMPLIED BY THE TERM "AUTHORITY", HENCE ITS "LEGITIMACY" WOULD BE QUESTIONED.

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3. CONTENT OF A TAIWAN DEMOCRACY. GIVEN THE CHINESE HISTORICAL AND CULTURAL ROOTS OF PRESENT DAY TAIWAN, A CLEAR CONCEPT OF DEMOCRACY DOES NOT EMERGE FROM STATEMENTS BY EITHER THE GOVERNMENT OR THE OPPOSITIONISTS--THERE IS ABOUT AS MUCH PRECISION AS IN DESCRIPTIONS OF THE FUTURE RESOLUTION OF THE TAIWAN/CHINA PROBLEM. NONETHELESS THERE IS A VERY REAL TREND TOWARD PLURALISM, ECONOMIC FREEDOMS AND ADDITIONAL POLITICAL RIGHTS ASSOCIATED WITH TWENTIETH

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CENTURY WESTERN LIBERALISM. THE BREAKDOWN OF SOME OF THE TRADITIONAL BUREAUCRATIC SYSTEM AS TECHNOCRATS REPLACE CONFUCIAN SCHOLARS AND THE GREATER OPENNESS TO NEW--READ FOREIGN--IDEAS ARE CLEARLY PART OF THE TREND, AS IS THE INCREASING PUBLIC INTEREST IN POLITICS. THE IMPLEMENTATION OF WESTERN STYLE POLITICAL DEMOCRACY IS, HOWEVER, ANOTHER MATTER.

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4. LIBERALIZATION AS A GIFT. AT THE MOMENT AND FOR THE FORESEEABLE FUTURE, TAIWAN SHOULD BE CONSIDERED TO BELONG TO THE GROUP OF COUNTRIES IN WHICH THE LEADER MAKES FREE GIFTS OF SUCH LIBERALIZING ACTS WHICH CONSTITUTE DEMOCRATIC PROGRESS. ALREADY CCK HAS TRIED TO DOWNPLAY THE IMPRESSION OF HIS MANIFOLD POWER BY INVOLVING OTHERS IN HIS DECISIONS, ENLISTING THE SUPPORT OF THE GOVERNING ELITE, AND GOING REGULARLY TO THE PEOPLE. (CCK HAS HIS PICTURE TAKEN HOLDING MORE BABIES THAN ANY US CONGRESSIONAL CANDIDATE.) PART OF THE REASON IS TO HANDLE CURRENT PROBLEMS MORE SMOOTHLY BUT ANOTHER REASON MAY BE THAT HE IS AWARE HE IS THE LAST PERSON WHO WILL HAVE THE OPPORTUNITY OF EXERCISING SUCH AUTHORITY AND OTHERS MUST LEARN TO WORK WITH A SYSTEM OF BROADER PARTICIPATION AND CONSULTATIONS. HENCE IS SEEMS CLEAR THAT, IN HIS OWN FASHION, CCK IS

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ATTEMPTING TO PRESIDE OVER A TRANSITION WHICH HE HOPES WILL BE VALID FOR THE GOVERNMENT HERE, BUT ALSO A POSSIBLE SYSTEM FOR GOVERNING ALL CHINA--CERTAINLY CCK CONSIDERS THAT THE CHINESE COMMUNISTS HAVE NOT BEEN ABLE TO DEVISE A PROGRAM FOR ECONOMIC OR POLITICAL MODERNIZATION LEADING FROM DICTATORSHIP.

5. A ONE-CHINA SOLUTION TO POLITICAL MODERNIZATION. AN IMPORTANT ASPECT OF CCK'S APPROACH IS THE "CHINESE PROBLEM" OF MAKING SURE THAT THE SOLUTION IS NOT MERELY A "LOCAL" ONE, BUT IS WITHIN THE MAINSTREAM OF CHINESE CULTURAL TRADITION AND COULD BE VALID AS A MODEL FOR ALL CHINA DURING THIS PERIOD OF ITS HISTORY. IN A SENSE THIS ASPECT IS PERHAPS THE MOST IMPORTANT PART OF THE MAINLANDER/TAIWANESE COMMUNAL PROBLEM. WHILE CCK CAN CONSIDER TAIWAN TO BE A MODEL PROVINCE IN ECONOMIC AND POLITICAL TERMS FOR ALL CHINA, HE CANNOT PERMIT ITS DEVELOPMENT TO BECOME A SEPARATE MODEL, ONE FOR TAIWAN ALONE. HENCE, IT IS IN A SENSE TRUE THAT TAIWAN MAY REPRESENT AN EVEN MORE INTRACTABLE PROBLEM THAN SOUTH KOREA OR THE PHILIPPINES. THE QUESTION OF A RULING ELITE FROM A PARTICULAR REGION IS AN IMPORTANT ELEMENT IN MANILA'S PROBLEMS AND A DIVIDED COUNTRY IS IMPORTANT IN SEOUL'S THINKING BUT NEITHER GOVERNMENT BELIEVES IT HAS SUCH A BROAD

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RESPONSIBILITY WHICH IS SO LITTLE UNDERSTOOD OR
ACCEPTED BY SUCH A LARGE PART OF ITS POPULATION.

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6. POLITICAL MODERNIZATION/MODERATION OF AUTHORITARIANISM. WE THINK THAT IT IS VERY IMPORTANT TO LOOK CLOSELY AT THE WHOLE RANGE OF LIBERALIZING FORCES WITHIN THE COUNTRY, NOT JUST AT A "POLITICAL OPPOSITION". A MODERATE FORM OF AUTHORITARIANISM HERE IS NOT STATIC. WITHIN MANY ASPECTS OF THE POWER STRUCTURE, BUT PARTICULARLY WITHIN THE TECHNOCRACY, THERE

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ARE STRONG LIBERALIZERS. THEY CAN BE EXPECTED TO BE EVEN MORE ANXIOUS THAN CCK HIMSELF TO FIND A POLITICAL DEVELOPMENT WHICH WILL REINFORCE AND CONSOLIDATE THE ECONOMIC, EDUCATIONAL, AND SOCIAL GAINS WHICH TAIWAN HAS ATTAINED IN RECENT YEARS. AS ONE OF THE YOUNG TECHNOCRATS NOTED RECENTLY, THE GOVERNMENT'S STUDY OF THE ECONOMIC PROSPECTS SHOWED THAT TAIWAN COULD NOT EXPECT THE PACE OF ECONOMIC DEVELOPMENT TO CONTINUE TO SURPASS THE GROWTH OF ECONOMIC EXPECTATIONS AS HAS BEEN THE CASE IN THE PAST. HIS PARTICULAR RESPONSIBILITY IS NOW TO WORK ON "NON-ECONOMIC PLANNING" SO THAT IN THE FUTURE THERE CAN BE THE SOCIAL AND POLITICAL DEVELOPMENT WHICH WILL MORE THAN KEEP PACE WITH CONTINUING BUT CHANGING EXPECTATIONS. SUCH "TECHNOCRATS" WILL TEND TO MODERNIZE TAIWAN'S POLITICAL STRUCTURE WITH AN INEVITABLE IMPACT ON THE AUTHORITARIAN STRUCTURE AND ON THE DISTRIBUTION OF POWER BETWEEN THE TWO COMMUNITIES.

7. EVEN THE MODERATE OPPOSITIONISTS ARE PREPARED TO SUPPORT SUCH PROGRAMS BECAUSE THEY KNOW THEY DO NOT HAVE A MONOPOLY ON SOLUTIONS FOR THE PROBLEMS FACING TAIWAN. THEY ARE PARTICULARLY AWARE THAT THEY NOW LACK THE PERSONNEL, ORGANIZATION AND GOVERNING PROGRAM

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WHICH COULD PERMIT THEM TO SERVE AS A POLITICAL
ALTERNATIVE. HENCE WE BELIEVE THAT MORE ATTENTION
SHOULD BE PAID TO PLURALISM AND ASPECTS OF DEMOCRACY

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WHICH ARE NOT NARROWLY FOCUSSED ON A POLITICS OF AL-
TERNANCE BETWEEN/AMONG TWO OR MORE PARTIES. THE PRO-
GRAM SKETCHED FOR THE OPPOSITIONISTS IN PARA 3 A-D
IN YOUR MESSAGE ARE BEYOND THEIR LONGEST RANGE PLAN-
NING AT THIS POINT.

8. WE WOULD THEREFORE QUESTION THE ASSERTION THAT THE
OLD ELITE CAN METAMORPHOSE INTO MERELY A MORE MODER-
ATE FORM OF AUTHORITARIANISM WITH NO BASIC CHANGE IN
CHARACTER. THE WESTERN EXPERIENCE IN THE TWENTIETH
CENTURY HAS BEEN IN THE RESTRAINTS PUT UPON ARBITRARY
POWER AND IN THE DIFFICULTIES OF BUILDING UP POPULARLY
ACCEPTED AUTHORITY. HENCE, EQUALLY IMPORTANT SEEMS TO
BE THE CONCEPT OF PARTICIPATORY DEMOCRACY IN SOCIAL
INSTITUTIONS, COLLEGIALISM IN DECISIONS, A COMPLEX
CONSULTATIVE PROCESS (AS IN JAPAN) WHICH SERVES
AS AN EDUCATIONAL AND LIMITING FORCE FOR THE RULING
POWER. IT WOULD BE DIFFICULT FOR EXAMPLE, TO FIT
JAPAN'S TRANSITION FROM AUTHORITARIANISM INTO THE
PATTERN DESCRIBED IN PARA THREE; JAPAN HAS NOT
ACHIEVED POLITICS OF ALTERNANCE ON OTHER THAN A THEO-
RETICAL BASIS.

9. MODERATES WITHIN THE OPPOSITIONISTS. WE HAVE IN
THE PAST USED THE TERM OPPOSITIONISTS TO DENOTE
THE GROUP OF OPEN POLITICAL OPPONENTS OF THE KMT WHO
CHOOSE TO CONTEST LOCAL AND CENTRAL LEGISLATIVE ELEC-
TIONS AT THE POLLS. THIS TERM DENOTES A MUCH NARROWER
GROUP THAN THAT WHICH WOULD BE ENCOMPASSED BY THE TERM
OPPOSITION. IN A SENSE, MANY MEMBERS OF THE KMT
(PARTICULARLY TAIWANESE) WOULD HAVE TO BE CONSIDERED
OF THE OPPOSITION, AND POTENTIALLY--IF IT SHOULD SERVE
THEIR INTEREST--OF AN OPPOSITIONIST MOVEMENT. ONE

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SHOULD NOT FORGET THAT WELL-KNOWN OPPOSITIONISTS
HSU HSIN-LIANG, CHANG CH'UN-HUNG, SU NAN-CH'EN, CH'EN
WAN-CHEN AND OTHERS STARTED OUT WITH THE KMT--FOR GOOD
REASONS, SINCE IT IS THE PATH TO POWER FOR MOST. THE
CURRENT OPPOSITIONIST MOVEMENT IS VERY SMALL AND DIVI-
DED; POTENTIAL OPPOSITION IS A VERY DIFFERENT MATTER.
AS FOR A COALESCENCE OF THE MODERATE OPPOSITIONISTS,

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ON TAIWAN THERE ARE MANY PERSONS, SCHOLARS, BUSINESSMEN, WHO QUESTION WHETHER EVEN MODERATE OPPOSITION WILL BE ACCEPTABLE TO THE KMT, BUT K'ANG NING-HSIANG AND OTHERS ARE TRYING TO ILLUSTRATE THE POSSIBILITY-- AND ITS ACCEPTABILITY TO CCK. THEY MAY BE ABLE TO FIELD A MORE COHESIVE, MODERATE GROUP IN THE NEXT ELECTIONS. HOWEVER, IT IS DOUBTFUL THAT THE MORE DIEHARD OPPOSITIONISTS WILL BE ATTRACTED TO K'ANG'S CAMP UNLESS CCK PERMITS SOME EXAMPLES OF REAL OPPOSITIONIST PROGRESS.

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10. SUPPORT FOR OPPOSITIONISTS. AS FOR POPULAR SUPPORT, AS USUAL IT IS A QUESTION OF ALTERNATIVES. AT THE MOMENT NO OPPOSITION MOVEMENT IS AN ALTERNATIVE EVEN THOUGH SENTIMENTALLY MANY TAIWANESE MIGHT WISH THAT THERE WERE ONE. HOWEVER, AS ONE TAIWANESE HAS TOLD US, "PEOPLE WITH FULL BELLIES DO NOT LIKE A LONG MARCH". WE BELIEVE THAT SUPPORT MAY INCREASE FOR A TAIWANESE ALTERNATIVE, BUT IF SO, IT MAY WELL BE MORE IN THE CONTEXT OF AN ALTERNATIVE TO BEIJING THAN TO CCK'S AUTHORITARIANISM.

11. COOPERATION AMONG MODERATES. AS FOR COOPERATION BETWEEN MODERATE OPPOSITIONISTS AND THE "LIBERAL WING" OF THE KMT, WE BELIEVE THAT THERE HAVE BEEN SOME CONTACTS GOING BACK YEARS AND WE KNOW DISCREET CONTACTS AND EXCHANGES OF ADVICE HAVE TAKEN PLACE IN RECENT WEEKS. SOME MEMBERS OF THE KMT WHOSE TRAINING ABROAD

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HAS CONVINCED THEM THAT THE SOVIET MODEL OF A RULING PARTY WITH A GOVERNMENTAL ROLE IS NOT PERTINENT FOR WHAT TAIWAN HAS NOW BECOME--AND WHAT THE REST OF CHINA CAN HOPE FOR. FOR THEM THE PARTY CAN SAFELY BECOME A MECHANISM MERELY FOR CONTESTING ELECTIONS. THEY HOPE

UNCLASSIFIED

THAT WITHOUT DILUTING THE STRENGTH OF THE EXECUTIVE, TAIWAN CAN PREPARE FOR THE POSSIBILITY OF A TWO-PARTY SYSTEM LEADING TO A SYSTEM OF ALTERNANCE. RECENT STUDY OF THE WESTERN EXPERIENCE MAY BE DIMINISHING THEIR OPTIMISM.

UNCLASSIFIED

12. KAOHSIUNG INCIDENT. THE KAOHSIUNG INCIDENT IS CLEARLY BEING INTERPRETED AS CCK'S WARNING THAT HE WILL NOT ACCEPT ACTIONS BEYOND CERTAIN LIMITS. UNTIL THE TRIALS TAKE PLACE, IT WILL NOT BE CLEAR HOW MUCH HE OPPOSES WHAT METHODS NOR WHAT HE WILL CONSIDER ACCEPTABLE. HE ALSO IS SIGNALLING HE WISHES SOME FORM OF CONCILIATION, SOME FORM OF DIALOGUE, SOME TYPE OF CHECKS BY A NON-KMT GROUP WHICH DOES NOT CONTEND FOR POWER BUT WHOSE CRITICISMS KEEP THE KMT ON ITS TOES, BUT DO NOT PUSH IT ONTO ITS FACE. THE MORE ASTUTE POLITICAL FIGURES AMONG THE OPPOSITIONISTS AND THE KMT MODERNISTS BELIEVE THAT THEY HAVE SENSED WHAT THE RULES ARE; HOWEVER THE PERCEPTIONS OF THE OPPOSITIONISTS HAVE NOT BEEN VERY RELIABLE IN THE PAST. WHENEVER A POLITICAL OPPOSITION HAS BEGUN TO FLEX ITS MUSCLES (AS IN THE CASE OF KAOHSIUNG AND EARLIER INCIDENTS)

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THOSE RESPONSIBLE HAVE BEEN PUT OUT OF CIRCULATION BEFORE THEY HAVE GONE BEYOND SOPHOMORIC CAMPUS POLITICS. THE NEXT CLASS OF FRESHMEN MAY BARELY BECOME SOPHOMORES BEFORE THEY TOO ARE PUT AWAY. IT HAS HARDLY BEEN THE KIND OF POLITICAL PROCESS DESIGNED TO PRODUCE A BODY OF CAPABLE AND MATURE OPPOSITIONISTS.

13. IN SUM, WE THINK THAT IT IS A USEFUL EXERCISE TO TRY TO EXAMINE THE ELEMENTS WHICH APPEAR TO FIGURE IN SUCCESSFUL TRANSITIONS FROM AUTHORITARIANISM TO MORE COMPLEX, PARTICIPATORY FORMS OF GOVERNMENT. IT WOULD PERHAPS BE EQUALLY USEFUL TO STUDY THOSE EXPERIMENTS SUCH AS IRAN, NICARAGUA, PAKISTAN AND CUBA, WHICH DID NOT WORK. IN THE END, WE THINK ONE WILL FIND MORE UNIQUE FACTORS IN ANY SITUATION THAN FACTORS WHICH SEVERAL COUNTRIES HAVE IN COMMON. ONE CONCLUSION MAY BE THAT THE MANAGEMENT OF POLITICAL PROBLEMS IS A LOCAL ART, AND THAT GOOD FORTUNE IS AS CRUCIAL AS ANY SCIENTIFIC PLANNING. ANOTHER CONCLUSION MAY BE THAT POLITICAL DEMOCRACY IN THE WESTERN SENSE CAN ONLY FLOURISH WHEN WESTERN VALUES PERMEATE THE INSTITUTIONAL AND SOCIAL FRAMEWORK OF THE SOCIETY, AND MOST ASIAN COUNTRIES MUST WORK OUT POLITICAL MODERNIZATION IN WHICH A MODERATE OPPOSITION IN THE FORM OF A WESTERN POLITICAL PARTY IS NOT A KEY FACTOR.

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E.O. 12065: NA
TAGS: PINT, SHUM, TW
SUBJECT: KAOHSIUNG INCIDENT TRIAL -- MARCH 24,
- MORNING SESSION

1. SUMMARY: CHANG CHUN-HUNG, EDITOR-IN-CHIEF OF "FORMOSA" MAGAZINE AND PROVINCIAL ASSEMBLYMAN FROM NANTOU COUNTY, TOOK THE STAND MARCH 24. CHANG SAID THE FIVE MAN GROUP HAD ABSOLUTELY NOT DISCUSSED "POWER SEIZURE PLANS", CLAIMING THESE WERE TERMS USED BY THE MINISTRY OF JUSTICE INVESTIGATION BUREAU (MJIB). CHANG REFUTED PORTIONS OF HIS CONFESSION SAYING IT WAS NOT MADE VOLUNTARILY. HE SAID THE MJIB HAD USED "IMPROPER" METHODS TO OBTAIN SUCH CONFESSIONS. HE DESCRIBED "FORMOSA" AS A "PUBLICATION OF CRITICISM" AND DENIED IT WAS DESIGNED TO SLANDER THE GOVERNMENT WITH THE OBJECTIVE OF SEIZING POWER. SERVICE CENTERS AND ACTIVITIES WERE DESIGNED PRIMARILY TO PROMOTE SALES THOUGH THEY WERE ALSO PARTLY AIMED AT GAINING POPULAR SUPPORT. CHANG SOUGHT TO EXPLAIN

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THAT HIS SHOUTING "WE HAVE WON" TO THE CROWDS WHICH HAD RETURNED TO THE SERVICE CENTER ON DECEMBER 10 WAS INTENDED TO CALM THEM DOWN. THROUGHOUT THE SESSION, THE DEFENSE ATTORNEYS PRESSED ON A NUMBER OF ISSUES--THEY ASKED FOR PERMISSION TO COPY THE COURT RECORD, THEY INSISTED ON GREATER OPPORTUNITIES TO SPEAK AND THEY REQUESTED THE JUDGE MAKE A COURT RULING ON WHETHER THE DEFENDANTS' CONFESSIONS WERE OBTAINED UNDER DURESS. END SUMMARY.

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2. CHANG CHIN-TSE. CHANG CHUN-HUNG SAID HE HAD KNOWN CHANG CHIN-TSE, NOW IN THE US, WHOM SECURITY FORCES CONSIDER A "SEDITIONOUS ELEMENT" AND A KEY FIGURE IN THE "UNITED FRONT FOR THE ESTABLISHMENT OF A TAIWAN STATE" THAT WAS SET UP IN NEW YORK LAST DECEMBER. HOWEVER CHANG CHUN-HUNG SAID THEY HAD DISCUSSED ONLY AGRICULTURAL ISSUES, NOT "TAIWAN INDEPENDENCE."

3. FIVE MAN GROUP. CHANG SAID THAT THE FIVE MAN GROUP HAD BEEN SET UP AT HUANG HSIN-CHIEH'S INSTRUCTION NEAR THE END OF 1978 OR EARLY 1979, BUT IT DID NOT MEET REGULARLY. THE GROUP HAD DISCUSSED VARIOUS OPPOSITIONIST ACTIVITIES. CHANG SAID THE GROUP ABSOLUTELY DID NOT DISCUSS "POWER SEIZURE PLANS" (TO-CHUAN CHI-HUA) NOR HAD IT DISCUSSED "LONG RANGE AND SHORT-RANGE POWER SEIZURE PLANS." CHANG ALSO SAID THE GROUP HAD NOT DISCUSSED IRAN AT HSU HSIN-LIANG'S HOUSE.

4. FIVE PRINCIPLES AND "BRINKSMANSHIP VIOLENCE." CHANG SAID THAT HE HAD HEARD YAO CHIA-WEN MENTION THE FIVE PRINCIPLES, BUT THESE WERE NEVER APPROVED

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BY THE GROUP. CHANG SAID LH SEEMED YAO HAD ALSO MENTIONED "BRINKSMANSHIP VIOLENCE" (PAO-LI PIEN-YEN) WHICH HE EXPLAINED AS NOT USING VIOLENCE AT THE BRINK BECAUSE THAT IS NOT OUR SPECIALTY. ASKED WHETHER "PAO-LI PIEN-YEN" HAD THE APPEARANCE OF VIOLENCE, CHANG SAID HE DID NOT THINK SO...

5. HIS CONFESSION. CHANG CHUN-HUNG AT SEVERAL POINTS SAID THE PORTIONS OF HIS CONFESSION DEALING WITH "POWER SEIZURE" AND "OVERTHROWING THE GOVERNMENT" WERE COMPLETELY UNTRUE. CHANG SAID HIS CONFESSION WAS NOT GIVEN UNDER HIS OWN FREE WILL (TZU-YOU YI-CHIH) AND THAT SUCH PHRASES AS "POWER SEIZURE" (TO-CHUAN) WERE TERMS USED BY THE MINISTRY OF JUSTICE INVESTIGATION BUREAU (MJIB). CHANG SAID THE MJIB WANTED HIM TO ADMIT THE FACTS OF SEDITION IN ORDER TO SHOW REPENTANCE; ONLY IN THIS WAY COULD HE GET A LIGHTER SENTENCE. CONFRONTED WITH WRITTEN TESTIMONY BY HUANG HSIN-CHIEH ALLEGING THE MAGAZINE'S GOAL WAS TO OVERTHROW THE GOVERNMENT AND TESTIMONY BY YAO CHIA-WEN ABOUT LONG TERM PLANS, CHANG REPEATEDLY INSISTED THESE WERE NOT TRUE; THE RECORD OF THE INVESTIGATIVE COURT WAS BASED ON THE RECORD OF THE INTERROGATION. CHANG SAID THAT DURING THE INVESTIGATION PERIOD. THE MJIB PERSONNEL USED "IMPROPER"

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(PU-CHENG-TANG) METHODS TO OBTAIN SUCH CONFESSIONS. THE ONLY REASON HE WROTE HIS CONFESSION WAS TO DEVISE A WAY TO ENDURE (AO) THE MJIB'S INTERROGATION METHODS.

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6. "FORMOSA" MAGAZINE. CHANG DESCRIBED "FORMOSA" MAGAZINE AS A "PUBLICAT BN OE CRITICISM", AND HE DENIED IT WAS DESIGNED TO SLANDER THE GOVERNMENT OR STIR UP TROUBLE BETWEEN THE GOVERNMENT AND THE PEOPLE WITH THE OBJECTIVE OF SEIZING POWER. CHANG SAID HIS ACKNOWLEDGEMENT DURING THE MJIB INTERROGATION AND THE INVESTIGATION COURT THAT "FORMOSA" WAS DESIGNED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

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TO SLANDER THE GOVERNMENT WAS NOT MADE VOLUNTARILY--

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THE MJIB WANTED HIM TO MAKE SUCH A CONFESSION AND THE INVESTIGATION COURT TOLD HIM TO SAY SO; OTHERWISE IT WOULD NOT BE BENEFICIAL TO HIM. CHANG SAID THAT THE MAGAZINE SERVICE CENTERS, WHICH WERE APPROVED BY HUANG HSIN-CHIEH, BUT NOT THE FIVE MAN GROUP, WERE DESIGNED MAINLY TO PROMOTE SALES, THOUGH THEY WERE PARTLY AIMED AT WINNING POPULAR SUPPORT. ACTIVITIES

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SPONSORED BY "FORMOSA" HAD TWO GOALS: TO PUBLICIZE THE MAGAZINE SINCE THEY HAD DECIDED NOT TO PLACE ADVERTISEMENTS IN NEWSPAPERS AND TO HELP IN ELECTIONS SINCE MANY OF THE PARTICIPANTS WERE LOCALLY-ELECTED AND NEEDED TO HAVE CONTACT WITH THE PEOPLE. CHANG SAID ALL THE ACTIVITIES SOUGHT TO PROMOTE DEMOCRACY.

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7. VIOLENCE. CHANG SAID THAT TAIWAN IS A MIDDLE CLASS SOCIETY. THE MIDDLE CLASS DOES NOT APPROVE OF OF VIDLENCE. IF "FORMOSA" EVER ADVOCATED VIOLENCE, THEY WOULD NOT BE ABLE TO GAIN THEIR SUPPORT. CHANG SAID THAT IN ALL OF HIS SPEECHES (600,000 WORDS) AND

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WRITINGS (2,000,000 WORDS) OVER TEN YEARS HE HAD NEVER ADVOCATED VIOLENCE NOR USED THE TERM "TO-CHUAN" (TO SEIZE POWER). HE CLAIMED IT WAS THUS UNREASONABLE TO THINK HE WOULD USE IN HIS CONFESSION A TERM HE HIMSELF HAD NEVER USED BEFORE.

8. THE KAOHSIUNG INCIDENT. CHANG CHUN-HUNG SAID HE WAS NOT INVOLVED IN THE PLANNING FOR THE KAOHSIUNG RALLY. HE ARRIVED AT THE TRAFFIC CIRCLE AT 1930 ON DECEMBER 10 WITHOUT FIRST HAVING GONE TO THE "FORMOSA" MAGAZINE OFFICE. CHANG SAID THAT A "CLOUD OF SMOKE" CAME TOWARDS THE CROWD FROM CHUNG-CHENG ROAD. ASKED WHETHER IT WAS TEAR GAS, CHANG SAID IT HAD A SMELL AND MANY PEOPLE TOOK OUT HANDER-CHIEFS. IT WAS AFTER THIS "CLOUD OF SMOKE" THAT YAO CHIA-WEN AND SHIH MING-TE WENT INTO THE POLICE STATION. WHEN YAO AND SHIH CAME OUT OF THE POLICE STATION, THERE WAS SMOKE WAFTING ABOUT AND PEOPLE WERE NERVOUS. YANG CHING-CHU OF THE KAOHSIUNG OFFICE CHOSE THE ROUTE AWAY FROM THE TRAFFIC CIRCLE AS THE ONE WITH FEWEST POLICE AND THUS LEAST LIKELY TO LEAD TO A CONFRONTATION. CHANG SAID HE SAW TWO CONFRONTATIONS ON THE WAY BACK TO THE SERVICE CENTER BUT HE DENIED EVER HAVING SHOUTED, "FIGHT*" BY THE TIME THE CROWD HAD RETURNED TO THE SERVICE CENTER, CHANG SAID EVERYONE WAS STIRRED UP. HE SAID HE WANTED TO CALM THEM DOWN AND GET THEM TO PUT OUT THE TORCHES. TO SHOW THE CROWD HE WAS WITH THEM, CHANG ADMITTED THAT HE HAD SHOUTED, "TONIGHT WE HAVE WON." (CHIN-WAN-SHENG WOMEN YI-CHING SHENG-LI-LE.) THEN HE ASKED THEM TO PUT OUT THEIR TORCHES. THIS REMARK, HE ARGUED, WAS MADE IN THE CONTEXT OF IDENTIFYING WITH THE PEOPLE IN ORDER TO CALM THEM DOWN AND GET THEM TO PUT

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DOWN THEIR TORCHES. HE ALSO ACKNOWLEDGED HE HAD CALLED FOR THE TROOPS TO WITHDRAW, AGAIN, TO AVOID CONFRONTATION.

9. QUESTIONED ABOUT SHIH TELLING HIM TO TAKE COMMAND IF NEITHER HE NOR YAO RETURNED FROM THE POLICE STATION, CHANG SAID THAT HE NEVER "ACCEPTED" THIS RESPONSIBILITY. MOREOVER, CHANG SAID THAT SHIH RETURNED WITHIN THE 30 MINUTE TIME LIMIT SET BY HIM (WHICH CONTRADICTS OTHERS' TESTIMONY) SO THAT HE DID NOT HAVE TO TAKE ANY CONCRETE ACTION IN THIS CAPACITY.

10. CHANG CONCLUDED THAT THE KAOHSIUNG INCIDENT WAS UNFORTUNATE. HE HAD ALWAYS ADVOCATED PEACEFUL DEMOCRATIC REFORM. HE HAD NOT CARRIED A TORCH NOR HAD HE URGED THE PEOPLE TO FIGHT WITH POLICE. HE HAD TRIED ONLY TO GET THE CROWD TO CALM DOWN. CHANG SAID THAT IF HE HAD WISHED TO START A VIOLENT RIOT, HE WOULD NOT HAVE ASKED NATIONAL CHENG-CHI UNIVERSITY PROFESSOR HUANG YUEH-CHIN (A KMT INTERMEDIARY WITH THE OPPOSITIONISTS) TO COME TO KAOHSIUNG WITH HIM THAT DAY TO HELP RESOLVE ANY POSSIBLE PROBLEMS NOR WOULD HE HAVE RETURNED TO THE SERVICE CENTER AFTER THE SPEECHES AT THE TRAFFIC CIRCLE, AND TRIED TO CALM THE PEOPLE DOWN.

11. DEFENSE ATTORNEYS OBJECTIONS. DURING THE FINAL HOUR OF THE MORNING SESSION, THE DEFENSE ATTORNEYS PRESSED ON SEVERAL ISSUES. THEY CONTENDED THAT THE WRITTEN RECORDS (PI-LU) SHOULD CONTAIN CORRECT INFORMATION AND CLAIMED THAT SOME THINGS HAD BEEN LEFT OUT. TO AVOID SUCH CONTROVERSIES AS THAT OVER THE ASSOCIATED PRESS STORY OF LU HSIU-LIEN'S TESTIMONY, THE DEFENSE ATTORNEYS ASKED THAT THEY BE ALLOWED TO TAPE THE SESSIONS OR TO COPY THE WRITTEN COURT RECORD. THE PRESIDING JUDGE DENIED THEIR

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REQUEST, SAYING THIS ISSUE HAD ALREADY BEEN SETTLED

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DURING THE INVESTIGATION COURT WHEN SUCH A REQUEST WAS TURNED DOWN. THE LAWYERS ALSO PRESSED THE JUDGE TO ALLOW THEM GREATER OPPORTUNITIES TO SPEAK; THE PRESIDING JUDGE SAID HE WOULD CONSIDER THIS. FINALLY, THE DEFENSE ATTORNEYS PRESSED THE JUDGE FOR A COURT RULING ON WHETHER THE CONFESSIONS HAD BEEN FORCED. THE JUDGE DECLINED TO MAKE SUCH A RULING OR COMMENT ON THE INVESTIGATION HE SAID HE HAD INITIATED. THE DEFENSE ATTORNEYS POINTED OUT THAT THE INVESTIGATION SHOULD BE CARRIZZ OUT BY AN AGENCY OTHER THAN THE ONE ALLEGED TO HAVE FORCED THE CONFESSIONS, BUT THE JUDGZP WOULD NOT SPECIFY WHO WAS LOOKING INTO THE ALLEGATIONS. HE DID, HOWEVER, ACCEPT FROM A DEFENSE LAWYER AN ARTIQE WRITTEN BY A STANFORD UNIVERSITY SCHOLAR THAT DISCUSSED THE EFFECTS OF PROLONGED INTERROGATION ON PEOPLE AND THEIR MEMORIES.

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E.O. 12065: NA
TAGS: PINT, SHUM, TW
SUBJECT: KAOHSIUNG INCIDENT TRIAL--MARCH 21,
- MORNING SESSION

1. SUMMARY: THE PRESIDING JUDGE DEVOTED THE MORNING
SESSION TO YAO CHIA-WEN, A LAWYER WHO MANAGED THE
"FORMOSA" MAGAZINE FUND. YAO ACKNOWLEDGED THE EXIS-

TENCE OF AN INFORMAL "FIVE MAN" GROUP AND DETAILED
ITE VIEWS ON INTERNAL POLITICAL REFORM. HE DENIED
HAVING ADVOCATED OVERTHROWING THE GOVERNMENT AND SAID
THEY NEVER USED THE TERM "POWER SEIZURE PLAN", WHICH,
HE CLAIMED, INVESTIGATION BUREAU PERSONNEL HAD COINED
DURING THE INTERROGATION. YAO SAID THE FIVE MAN
GROUP HAD TWO SETS OF FEARS: EXTERNALLY, THEY FEARED
THE COMMUNISTS MIGHT ATTACK TAIWAN, THAT THE US MIGHT
ABANDON TAIWAN AND THE KUOMINTANG MIGHT SURRENDER TAI-
WAN TO THE CHINESE COMMUNISTS; INTERNALLY, THEY WERE
CONCERNED THAT POLIOACAL REFORM WOULD NOT BE CARRIED
OUT AND THE GOVERNMENT WOULD USE MILITARY FORCE TO

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SUPPRESS THE PEOPLE. YAO DEID THEY DECIDED TO LAUNCH
A MAGAZINE TO SPREAD THEIR IDEAS, GAIN BROADER SUPPORT
AND WIN MORE SEATS IN ELECTIONS. THE KUOMINTANG WOULD
THEN HAVE TO LISTEN TO THEIR VIEWS. YAO ADMITTED
THAT THE OPPOSITIONISTS HAD FORMULATED FIVE PRINCI-
PLES TO GUIDE THEIR ACTIVITIES AND HE CONSIDERED
"BRINKSMANSHIP VIOLENCE" TO BE INCLUDED IN THE PRINCI-
PLE OF STRENGTH. LIKE THE OTHER DEFENDANTS, HOWEVER,
YAO SAID HE OPPOSED VIOLENCE. END SUMMARY.

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2. PROCEDURAL QUESTIONS. AT THE OPENING OF THE SESSION AS WELL AS AT POINTS DURING THE QUESTIONING, YAO AND HIS LAWYER PRESSED ON SEVERAL PROCEDURAL MATTERS JUST AS OTHER DEFENSE ATTORNEYS HAD DONE EARLIER. YAO'S ATTORNEY, HSIEH CHANG-TING, ARGUED THAT AFTER THE JUDGE'S QUESTIONING YAO SHOULD BE ALLOWED TO PROVIDE EVIDENCE FAVORABLE TO HIS CASE. YAO LATER ASKED THAT ALL DEFENDANTS BE PRESENT DURING THE INVESTIGATION OF FACTS AND INSISTED WHEN THE JUDGE CITED PROVISIONS OF LAW SUPPORTING HIS RIGHT TO QUESTION THEM SEPARATELY THAT HIS REQUEST BE MADE PART OF THE WRITTEN RECORD. THE JUDGE DENIED OTHER ATTORNEYS THE OPPORTUNITY TO SPEAK, STATING THERE WOULD BE NO FURTHER DISCUSSION OF PROCEDURAL QUESTIONS AT THIS TIME.

3. CONTACT WITH PENG MING-MIN AND CONVERSATIONS IN THE US. YAO SAID HE FIRST MET PENG MING-MIN (NOW LABELED A "SEDITIONARY ELEMENT" BY THE SECURITY SERVICES) WHEN PENG TAUGHT HIM DURING HIS SOPHOMORE YEAR IN COLLEGE. YAO SAID PENG HAD DISCUSSED TAIWAN'S PROSPECTS, CONTENDING THAT TAIWAN IN THE FUTURE WOULD BE SEPARATE FROM THE MAINLAND AND NEEDED TO CARRY OUT POLITICAL REFORM. THEY NEVER DISCUSSED "TAIWAN

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INDEPENDENCE" NOR DID PENG ADVOCATE OVERTHROWING THE GOVERNMENT. ASKED ABOUT HIS DISCUSSIONS IN THE US, YAO SAID PEOPLE THERE WERE CONCERNED ABOUT WHETHER THE CHINESE COMMUNISTS WOULD ATTACK TAIWAN; YAO SAID HE BELIEVED THE NATIONAL ASSEMBLY SHOULD BE RECONSTITUTED BY ELECTION.

4. FIVE MAN GROUP AND "POWER SEIZURE PLAN". YAO SAID THAT HUANI HSIN-CHIEH INSTRUCTED HIM ON DECEMBER 25, 1978 TO SET UP THE "FIVE MAN GROUP". THE GROUP WAS INFORMAL AND DID NOT MEET REGULARLY. YAO DENIED HAD DISCUSSED OVERTHROWING THE GOVERNMENT OR ANY "POWER SEIZURE PLAN (TO-CH'UAN CHI-HUA)". HE SAID THAT THEY HAD "TO CH'UAN" DISCUSSIONS (TO CH'UAN T'AN MUA), BUT THE GROUP HAD NOT USED THE PHRASE "POWER SEIZURE PLAN", WHICH, HE STATED, WAS THOUGHT UP BY MINISTRY OF JUSTICE INVESTIGATION BUREAU (MJIB) PERSONNEL. HE ASKED THE JUDGE NOT TO USE THAT PHRASE. YAO ALSO ARGUED THAT "TO-CH'UAN" DID NOT MEAN OVERTHROWING THE GOVERNMENT.

5. YAO SAID THAT WHEN THE GROUP MET IN MARCH OR APRIL, 1979 THEY HAD DISCUSSED HOW TO INCREASE THE OPPOSITION'S INFLUENCE. HSU HSIN-LIANG, A MEMBER OF THE GROUP, THOUGHT TAIWAN FACED TWO SETS OF PROBLEMS--

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AN EXTERNAL PROBLEM OF SECURITY AND AN INTERNAL PROBLEM OF POLITICAL REFORM. THE GROUP FEARED THAT THE CHINESE COMMUNISTS MIGHT ATTACK TAIWAN, THAT THE UNITED STATES MIGHT ABANDON TAIWAN AND THAT THE KUOMINTANG MIGHT TURN TAIWAN OVER TO THE CHINESE COMMUNISTS. THEY ALSO FEARED THAT TAIWAN NOT ONLY MIGHT NOT BE ABLE TO CARRY OUT POLITICAL REFORM BUT MIGHT INSTITUTE MILITARY RULE. IN VIEW OF THESE FEARS, THEY FELT THAT OPPOSITIONISTS SHOULD UNIFY TO DO SOMETHING TO AVOID SUCH PROBLEMS. YAO SAID, HOWEVER, THAT THIS WAS NOT A "LONG-RANGE AND SHORT-RANGE

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POWER SEIZURE PLAN." THEY THOUGHT THEY SHOULD USE A MAGAZINE TO SPEAK THEIR POLITICAL IDEAS IN ORDER

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TO ACHIEVE THEIR GOAL OF POLITICAL REFORM AND THEY THOUGHT THEY SHOULD EXPAND THEIR INFLUENCE. THEY REALIZED THAT IF THEY COULD GET THE SUPPORT OF MANY WHO OPPOSED THE KUOMINTANG BUT WERE NOT NECESSARILY OPPOSITIONISTS, THEY COULD THEN WIN MORE SEATS IN ELECTIONS AND STRENGTHEN THEIR INFLUENCE SO THE KUOMIN
CNG WOULD HAVE TO CONSIDER OR ACCEPT THEIR POLI-

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TICAL VIEWS. IN THIS WAY THEY HOPED TO PROMOTE POLITICAL REFORM.

6. IN CARRYING OUT SUCH REFORM ACTIVITIES, YAO REITERATED THAT THEY FEARED THE GOVERNMENT MIGHT SURRENDER TO THE CHINESE COMMUNISTS AND SAID THEY ALSO FEARED THE GOVERNMENT MIGHT USE MILITARY TROOPS TO SUPPRESS THE PEOPLE. HSU HSIN-LIANG, ACCORDING TO YAO, SAID THAT NO ORGANIZATION, NEITHER THE KUOMINTANG NOR ANY GOVERNMENT, COULD USE MILITARY TROOPS TO SUPPRESS THE PEOPLE. HSU ALSO SAID THAT IF THE GOVERNMENT WANTED TO ANNOUNCE ITS SURRENDER TO THE CHINESE COMMUNISTS, MILITARY TROOPS COULD NOT SUPPRESS THE PEOPLE.

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PLE'S OPPOSITION. YAO NOTED HE HAD WRITTEN THIS IN HIS CONFESSION BUT THAT THE MJIB HAD CHANGED THIS INTO A "LONG-RANGE AND SHORT-RANGE PLAN", SAYING IT INVOLVED USING FORCE TO OPPOSE THE GOVERNMENT. YAO SAID THIS WAS ONLY AN ANALYSIS OF THE RELATIONSHIP BETWEEN THE ARMY AND PEOPLE, AND THEIR (THE FIVE MAN GROUP) CONCLUSION AT THE TIME WAS THAT THE GOVERNMENT WOULD NEVER CARRY OUT ANY REFORM AGAINST THE WILL OF THE PEOPLE. WHEN THE JUDGE ASKED YAO TO SHORTEN HIS REMARKS, YAO PROTESTED SAYING HE COULD NOT CONDENSE THINGS FURTHER. HE NOTED HOW HIS WRITTEN CONFESSION OF OVER 100,000 CHARACTERS HAD BEEN REDUCED BY THE MJIB TO 40,000, WHICH MADE IT IMPOSSIBLE TO UNDERSTAND SINCE THINGS WERE TAKEN OUT OF CONTEXT.

7. IRAN. YAO AGREED THEY CONSIDERED THE POLITICAL CHANGES IN IRAN, WHICH THEY HAD DISCUSSED AT A MEETING IN HSU'S HOUSE, TO BE VERY EXCITING. THEY CONCLUDED AMONG THESE CHANGES THAT NO GOVERNMENT COULD USE THE ARMY TO OPPOSE THE PEOPLE. IRAN HAD HAD A LARGE, WELL-TRAINED ARMY AND IT HAD BEEN OF NO USE AGAINST THE WILL OF THE IRANIAN PEOPLE. HE DENIED THAT THEY HAD EVER PLOTTED USING THE MASSES TO OVERTHROW THE GOVERNMENT. THEY HAD MERELY AGREED THAT UNDER THE PARTICULAR CIRCUMSTANCE OF THE KMT GOVERNMENT SURRENDERING TO PEKING, THE ARMY (IN TAIWAN) WOULD NOT BE USED TO ENFORCE THAT DECISION AGAINST THE WILL OF THE PEOPLE.

8. "FORMOSA" MAGAZINE. YAO SAID THAT HUANG HSIN-CHIEH HAD WANTED TO ESTABLISH A MAGAZINE TO VOICE THEIR POLITICAL IDEAS AND THEORIES. ACCORDING TO YAO, HUANG HAD TWO PRINCIPLES FOR THE MAGAZINE:

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(1) IT SHOULD NOT CONTAIN THE IDEAS OF THE "UNIFICATION GROUP" (THE GROUP FAVORING UNIFICATION WITH THE MAINLAND), AND (2) IT SHOULD BE A MAGAZINE FOR ALL SE OPPOSITIONISTS, MAINTAINING AN ANTI-COMMUNIST STAND AND CALLING FOR FREEDOM AND DEMOCRACY. ASKED ABOUT "FORMOSA" MAGAZINE ACTIVITIES, YAO SAID IT WAS NOT UNTIL THE "DEFECTORS FROM THE MAINLAND (FAN-KUNG YI-SHIH)" DISTURBED THEIR SEPTEMBER CELEBRATION OF THE MAGAZINE'S FOUNDING THAT THEY HAD ANY THOUGHT OF CONTINUING TO SPONSOR ACTIVITIES. AFTER SEPTEMBER, THEY DECIDED TO SPONSOR ACTIVITIES IN VARIOUS PLACES BECAUSE OF THE PEOPLE'S CONSIDERABLE CONCERN FOR "FORMOSA" MAGAZINE. REGARDING THE MAGAZINE'S FINANCES, YAO SAID THEY HAD RAISED PUBLICLY NT DOLS 560,000 AND THE REST OF THEIR FUNDS HAD COME FROM SALES, ALTHOUGH THEY HAD RECEIVED THREE CONTRIBUTIONS (NT DOLS 40,000 FROM HSU'S LECTURES IN JAPAN, US DOLS 1,000 FROM THE US AND ANOTHER US DOLS 5,000 FROM THE MEI-KUO TAI-WAN T'UNG-HSIANG-HUI). YAO SAID THEY DECIDED IN AUGUST TO ESTABLISH SERVIR CENTERS TO PROMOTE SALES AND TO SPONSOR ACTIVITIES. YAO SAID THAT THE DOLS 5,000 FROM THE US HAD ORIGINALLY BEEN PLACED IN A FUND TO BUY A HOUSE THAT WOULD BE USED AS AN ACTIVITY CENTER, BUT LATER WE RAN SHORT OF MONEY SO WE PUT IT IN AN ACCOUNT FOR DIRECT USE IN OFFICE ACTIVITIES.

9. FIVE PRINCIPLES AND "BRINKSMANSHIP VIOLENCE." YAO SAID THE FIVE PRINCIPLES (INDIRECT APPROACH, UNITY, CONCENTRATION, FLEXIBILITY AND STRENGTH) WERE ARRIVED AT ON DECEMBER 6, 1979 DURING A DISCUSSION OF HOW TO BRING ORDER TO OPPOSITIONIST ACTIVITIES. THEY ALSO DISCUSSED "BRINKSMANSHIP VIOLENCE" (PAO-LI PIEN-YEN), WHICH YAO CONSIDERED TO BE INCLUDED UNDER THE PRINCIPLE OF STRENGTH. SOME SAID IF ANYONE ENCROACHED ON OUR INTERESTS, WE SHOULD STRIKE BACK WITH OUR FORCE (SHIH LI). YAO SAID THAT "BRINKSMAN-

[REDACTED]

[REDACTED]

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SHIP VIOLENCE" DID NOT BECOME A TOPIC OF ARGUMENT UNTIL AFTER THE MANDARIN HOTEL INCIDENT IN SEPTEMBER

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1979 WHEN "FORMOSA" STAXZERS WERE SURROUNDED INSIDE THE HOTEL BY DEMONSTRATORS AND THE POLICE WISHED THEM TO GO OUT THE BACK-DOOR. WE WERE UNWILLING SO VIOLENCE OCCURRED. MY LEG WAS INJURED SO AFTER THAT VIOLENCE BECAME A POLITICAL QUESTION. YAO SAID THAT HE OPPOSED AS TOO DANGEROUS THE CREATION OF A SELF-PROTECTION FORCE, BUT HSU HSIN-LIANG FAVORED SELF-PROTECTION. YAO DENIED THAT "FORMOSA" MAGAZINE ACTIVITIES WERE BASED ON "BRINKSMANSHIP VIOLENCE." THE KAOHSIUNG INCIDENT MAY HAVE BEEN INFLUENCED BY THIS, BUT YAO SAID THERE WAS ABSOLUTELY NO PRINCIPLE OF VIOLENCE.

10. DECEMBER 10 HUMAN RIGHTS DAY RALLY PREPARATIONS. YAO SAID HE PARTICIPATED IN A NOVEMBER 30 PLANNING MEETING FOR THE RALLY AT WHICH IT WAS DECIDED TO HAVE A TORCHLIGHT MARCH. HE DENIED ANYONE HAVING SAID STICKS SHOULD BE PURCHASED. YAO SAID THAT AFTER HE ARRIVED IN KAOHSIUNG HE LEARNED THE RALLY HAD NOT RECEIVED APPROVAL. HE ACKNOWLEDGED THAT SHIH MING-TE HAD TOLD HIM AT 1700 ON DECEMBER 10 THAT

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THEY WOULD GO AHEAD WITH THE SPEECHES AND MARCH WHETHER OR NOT THEY RECEIVED PERMISYKON.

11. DECEMBER 10 KAOHSIUNG INCIDENT. IN THE AFTERNOON OF DECEMBER 10, YAO STATED THAT HE HAD GONE TO THE HOSPITAL TO VISIT THE PEOPLE INJURED IN THE 3:30 PM "KUSHAN INCIDENT". LATER HE PASSED THE

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FU LUN PARK AND NOTED THAT THE POLICE HAD SEALED OFF THE AREA. WHEN HE RETURNED AT 1700 TO THE "FORMOSA" SERVICE CENTER HE TOLD THIS TO SHIH MING-TE AND THEY BEGAN TO DISCUSS POSSIBLE LOCATIONS. AT THAT TIME, HE DENIED SEEING TORCHES AND STICKS. A POLICE OFFICER CAME TO THE SERVICE CENTER ASKING IF IT WOULD BE POSSIBLE TO CANCEL THE SPEECH RALLY. YAO SAID IT WOULD BE DIFFICULT SINCE SO MANY PEOPLE HAD ALREADY BEEN NOTIFIED. SOME WERE COMING FROM AS FAR AS TAIPEI. OTYAO SAID THAT IF WE COULD FIND THE POLICEMEN WHO HAD HIT THE PEHLE AND GET THEM TO COME TO THE SERVICE CENTER AND APOLOGIZE FOR THE KUSHAN INCIDENT, AND IF THE OFFICER IN CHARGE WOULD RESIGN, THEN IT MIGHT BE POSSIBLE TO CANCEL THE RALLY. THE OFFICER WANTED THE "FORMOSA" PEOPLE TO SIGN A STATEMENT TO THAT EFFECT, BUT SHIH-MING-TE WAS UNWILLING TO AGREE.

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12. YAO DENIED THAT HE HAD ORDERED THAT TORCHES BE LIT AS THEY LEFT THE SERVICE CENTER, THOUGH HE KNEW THAT THEY HAD BEEN LIT. HE AGREED THAT HE HAD SPOKEN WHEN THEY ARRIVED AT THE CIRCLE. HE SAID THAT HE HAD ASKED THE TROOPS, WHICH HAD BEGUN TO SURROUND THE CIRCLE, TO PULL BACK A BIT SINCE THEY WERE MAKING THE ASSEMBLED CROWD NERVOUS, AND HE ASKED THE POLICE TO OPEN A WAY THROUGH THEIR CORDON, BECAUSE SHIH MING-TE HAD SAID THERE WERE 20,000 PEOPLE ON THE OTHER SIDE

[REDACTED]

[REDACTED]

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NEAR THE PRESIDENT DEPARTMENT STORE (TA-TUNG) TRYING TO GET THROUGH. YAO ALSO SAID THAT THERE WERE ABOUT 5,000-6,000 PEOPLE INSIDE THE CIRCLE AT THIS POINT.

13. THE MORNING SESSION ENDED WITH YAO'S NARRATIVE OF HIS SORTIE WITH SHIH MING-TE TO THE POLICE STATION TO NEGOTIATE WITH THE AUTHORITIES. HE SAID THAT WHILE HE WAS IN THE POLICE STATION SOMEONE CAME IN AND ANNOUNCED THAT TEAR GAS HAD BEEN USED. YAO TESTIFIED THAT HE THOUGHT THE POLICE WOULD NOT DO THAT SINCE THEY SURROUNDED THE PEOPLE AT THE CIRCLE AND HAD LEFT THEM NO WAY OUT. HE TOLD THE PERSON NOT TO TALK NONSENSE (LUAN-CHIANG). HE THEN ASKED SOMEONE TO GO TO CHECK, BUT FROM THE FRONT DOOR OF THE STATION ONE COULD NOT SEE OR SMELL TEAR GAS. BUT VIOLENCE HAD STARTED, AND YAO COULD HEAR THE NOISE FROM THE CIRCLE. AT THIS POINT YAO RETURNED TO THE CIRCLE. HE DENIED THAT HE RETURNED TO LZD THE MARCH AWAY FROM TT CIRCLE, SAYING THAT WHEN HE RETURNED PEOPLE WERE ALREADY FLEEING FROM THE CIRCLE. HE ADMITTED THAT HE CLIMBED INTO A CAR AND GRABBED A TORCH, BUT SAID THAT THIS WAS DONE ONLY TO SHOW PEOPLE THE

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[REDACTED]

DIRECTION FROM THE CIRCLE. HE STATED THAT VIOLENCE OCCURRED BECAUSE PEOPLE WERE PRESSED TOO CLOSELY TOGETHER AND THERE HAD BEEN NO ROOM TO REVERSE THE CAR. WHEN ASKED WHETHER HE HAD SMELLED TEAR GAS HIMSELF, YAO SAID THAT HE HAD NOT, BUT THAT MANY PEOPLE HAD TOLD HIM IT HAD BEEN USED WHILE HE WAS AT THE POLICE STATION. HE STATED THAT HE HAD NOT SEEN ANY CONFRONTATION AT JUI-YUAN ROAD, BUT SINCE THERE WERE 500-600 PEOPLE BEHIND HIS CAR, HE COULD NOT BE SURE THAT IT HAD NOT OCCURRED BEHIND HIM.

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14. DECLASSIFY UPON RECEIPT. CROSS

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*** Current Handling Restrictions *** n/a
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FOIA Exemptions _____ TS authority to
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E.O. 12065: GDS 3/17/86 (ZINOMAN, M.)

95040.702

TAGS: PINT, SHUM, TW

SUBJECT: STATEMENT ON KAOHSIUNG INCIDENT BY SENATOR
KENNEDY

REF: -TAIPEI 1193

1. "BELOW IS TEXT OF SENATOR KENNEDY'S INSERT STATEMENT
THAT APPEARED IN THE MARCH 5, 1980 CONGRESSIONAL RECORD,
PAGE S 2253.BEGIN TEXT. SENATOR KENNEDY ADDRESSES HUMAN RIGHTS IN
TAIWAN.2. MR. CRANSTON. MR. PRESIDENT, AT THE REQUEST OF MY
DISTINGUISHED COLLEAGUE AND FRIEND, THE SENIOR SENATOR FROM
MASSACHUSETTS (MR. KENNEDY), I AM PLEASED TO ASK THAT HIS
STATEMENT ON THE KAOHSIUNG INCIDENT AND HUMAN RIGHTS IN
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TAIWAN BE PRINTED IN TODAY'S RECORD. I SHARE THE CONCERNS

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EXPRESSED IN SENATOR KENNEDY'S THOUGHTFUL STATEMENT WHICH I COMMEND TO MY COLLEAGUES' ATTENTION. I ASK THAT THE FULL TEXT OF THIS STATEMENT BE PRINTED IN THE RECORD AT THIS POINT.

3. THE STATEMENT FOLLOWS: "RECENT DEVELOPMENTS IN TAIWAN INDICATE THAT THE AUTHORITIES ON THE ISLAND HAVE DISCONTINUED THEIR EARLIER EFFORTS TO PERMIT GREATER FREEDOM OF EXPRESSION. I HAD BEEN ENCOURAGED BY ATTEMPTS OVER THE PAST YEAR TO RELAX THE STRICT MEASURES ADOPTED 14 MONTHS AGO, WHEN THE UNITED STATES ESTABLISHED DIPLOMATIC RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA. INDEED, BY MID-1979, THERE WERE INCREASING SIGNS OF POLITICAL LIBERALIZATION IN TAIWAN, INCLUDING THE ESTABLISHMENT OF FORMOSA MAGAZINE, WHICH SERVED AS ONE OF THE PRINCIPAL OUTLETS FOR THE OPPOSITION MOVEMENT.

4. AS FORMOSA MAGAZINE BECAME THE CENTRAL FORUM FOR OPPOSITION CRITICISM OF THE KUOMINTANG GOVERNMENT, ITS POPULARITY STEADILY INCREASED. THE CIRCULATION OF THE MAGAZINE GREW FROM 45,000 IN AUGUST TO 90,000 BY NOVEMBER, REFLECTING THE WIDESPREAD DESIRE AMONG TAIWANESE FOR UNCENSORED POLITICAL DEBATE.

5. POSITIVE DEVELOPMENTS CONTINUED IN OTHER AREAS AS WELL. POLITICAL DISCUSSION AND DEBATE IN TAIWAN HAD BECOME MORE OPEN AND LIVELY THAN AT ANY TIME IN THE RECENT PAST. THE GOVERNMENT ITSELF SPONSORED TWO NATIONAL DEVELOPMENT SEMINARS PERMITTING DEBATES ON NORMALLY SENSITIVE SUBJECTS WHICH WERE REPORTED IN THE PRESS. THERE WERE EVEN SOME SIGNS THAT THE PARLIAMENTARY ELECTIONS WHICH HAD BEEN SUSPENDED IN DECEMBER 1978 WOULD BE
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RESCHEDULED FOR LATE 1979 OR EARLY 1980.

6. HOWEVER, AS THE TIME APPROACHED FOR THE FORMAL TERMINATION OF THE U.S.-TAIWAN MUTUAL DEFENSE PACT, THESE FAVORABLE TRENDS ABRUPTLY CAME TO A HALT, WITH FORMOSA MAGAZINE SERVING AS THE PRIMARY TARGET OF THE GOVERNMENT CRACKDOWN. IN NOVEMBER AND EARLY DECEMBER, VIGILANTE-STYLE GROUPS--APPARENTLY CONDONED, IF NOT INSTIGATED, BY TAIWAN'S SECRET POLICE--CARRIED OUT VIOLENT ATTACKS ON THE OFFICE OF LEGISLATOR HUSANG HSIN-CHIEH. PUBLISHER OF

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FORMOSA MAGAZINE, AND ON THE KAOHSIUNG AND PINGTUNG BRANCH OFFICES OF THE MAGAZINE. LATER THE TAICHUNG OFFICE WAS ALSO ATTACKED. THESE ATTACKS WERE IGNORED BY THE LOCAL AUTHORITIES, AND NO PUNISHMENT WAS METED OUT TO THOSE RESPONSIBLE.

7. IN LATE NOVEMBER, THE FORMOSA MAGAZINE OFFICE IN KAOHSIUNG REQUESTED PERMISSION TO SPONSOR A PEACEFUL OUT-DOOR CELEBRATION OF THE 31ST ANNIVERSARY OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS ON DECEMBER 10. THE PERMISSION WAS INITIALLY DENIED; NEVERTHELESS, THE PUBLISHERS

OF THE MAGAZINE DECIDED TO PROCEED WITH THEIR PLANS FOR A NON-VIOLENT CEREMONY. ON DECEMBER 9, TWO EMPLOYEES OF THE MAGAZINE DRIVING SOUND-TRUCKS TO ADVERTISE THE NEXT DAY'S EVENTS WERE ARRESTED BY LOCAL POLICE AND TRANSFERRED TO THE CUSTODY OF THE TAIWAN GARRISON COMMAND. BEFORE THEIR RELEASE FOUR-AND-ONE-HALF HOURS LATER, THE TWO WERE SEVERELY BEATEN, REQUIRING LATER HOSPITALIZATION. THE SECURITY AUTHORITIES EVENTUALLY GRANTED PERMISSION FOR A RALLY OUTSIDE THE FORMOSA MAGAZINE OFFICE, BUT CONTINUED TO DENY PERMISSION FOR A MARCH.

8. THE NEXT DAY, SEVERAL THOUSAND PEOPLE GATHERED OUTSIDE THE FORMOSA MAGAZINE OFFICE, VIOLENCE ENSUED AS POLICE AND THE MILITARY BLOCKED THE PARADE ROUTE, PUSHED TROOP
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TRUCKS THROUGH THE CROWD, AND FINALLY RELEASED TEAR-GAS GRENADES. THE FIGHTING CONTINUED LATE INTO THE NIGHT.

9. WHILE LITTLE PHYSICAL DAMAGE APPEARED TO RESULT FROM THE RIOT, THE GOVERNMENT LATER ANNOUNCED THAT 183 OF ITS TROOPS HAD BEEN INJURED BY "MOB-VIOLENCE." IT IS REPORTED BY ON-THE-SCENE SPECTATORS THAT THE POLICE APPEARED TO EXERCISE CONSIDERABLE RESTRAINT, FOR NONE OF THE DEMONSTRATORS IS REPORTED TO HAVE BEEN SERIOUSLY INJURED. THE AUTHORITIES ALSO CLAIMED THAT THE DEMONSTRATORS HAD DELIBERATELY SOUGHT A CONFRONTATION WITH THE GOVERNMENT'S SECURITY FORCES. IN RESPONSE, THE OPPOSITION LEADERS

ARGUED THAT THE GOVERNMENT NOT ONLY HAD PROVOKED THE RIOT IN THE FIRST PLACE BUT ALSO HAD GREATLY OVERSTATED THE LEVEL OF VIOLENCE IN ITS OFFICIAL REPORTS.

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10. REGARDLESS OF WHICH SIDE ACTUALLY BORE MORE OF THE RESPONSIBILITY FOR THE ORIGINAL INCIDENT, WHAT IS IMPORTANT IS THAT WE RECOGNIZE THE CONSEQUENCES OF THE ACTIONS THAT FOLLOWED. THE DAY AFTER THE RALLY, GOVERNMENT RIOT TROOPS RAIDED AND DESTROYED THE KAOHSIUNG BRANCH OFFICE OF FORMOSA MAGAZINE AND THE AUTHORITIES CLOSED DOWN THE OTHER NINE BRANCH OFFICES. THAT MAGAZINE AND THE RELATIVELY MODERATE POLITICAL JOURNAL THE EIGHTIES--PUBLISHED BY LEGISLATOR K'ANG NING-HSIANG WHO DID NOT ATTEND THE HUMAN RIGHTS CELEBRATION--WERE BANNED FROM FURTHER PUBLICATION. THEN, BEGINNING ON DECEMBER 13, TAIWANESE SECURITY FORCES CONDUCTED A MASS ROUNDUP OF MEMBERS OF THE POLITICAL OPPOSITION, INCLUDING SEVERAL WHO WERE NOT EVEN PRESENT AT THE KAOHSIUNG MARCH AND RALLY. ACCORDING TO RELIABLE REPORTS, MORE THAN 100 PERSONS WERE DETAINED AND 53 CONTINUE TO BE HELD SINCE THEIR ARREST LAST DECEMBER.

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11. IN RETALIATION, TAIWAN'S CCNAA OFFICES IN LOS ANGELES, SEATTLE, AND HERE IN WASHINGTON HAVE BEEN ATTACKED. THESE ACTS CANNOT BE CONDONED, AND THE ATTACKERS SHOULD BE BROUGHT TO JUSTICE.

12. IN TAIWAN, THE ATTACKS AND THE WHOLESALe ARRESTS ALONG WOULD BE CAUSE FOR GREAT CONCERN, BUT I AM EVEN MORE DISTURBED BY THE REPORTS OF HARSH CONDITIONS AND ABUSES, INCLUDING THE HARASSMENT OF SOME DETAINEES' FAMILIES. FURTHERMORE, EIGHT OF THE DISSIDENTS, INCLUDING LEGISLATIVE YUAN MEMBER HUANG HSIN-CHIEH, HAVE NOW BEEN INDICTED ON CHARGES OF SEDITION--WHICH CARRIES A MAXIMUM PENALTY OF DEATH--AND WILL APPARENTLY BE STANDING TRIAL BEFORE A MILITARY TRIBUNAL VERY SOON. THESE EVENTS DO NOT AUGUR WELL FOR THE FUTURE OF THE DEMOCRATIC MOVEMENT IN TAIWAN AND, UNLESS ALTERED, THEY ARE BOUND TO AFFECT THE FUTURE COURSE OF U.S.-TAIWANESE RELATIONS.

13. I AM DEEPLY DISTURBED BY THE CONFIRMED REPORTS THAT ON FEBRUARY 28, THE MOTHER AND TWIN 7-YEAR-OLD DAUGHTERS OF ONE OF THE INDICTEES, LIN YI-HSIUNG, WERE STABBED TO DEATH IN MR. LIN'S HOME AND THAT ANOTHER DAUGHTER WAS SEVERELY WOUNDED. THE MURDERS OCCURRED 90 MINUTES AFTER MR. LIN'S MOTHER HAD SPOKEN WITH SOMEONE IN JAPAN ABOUT

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THE TORTURE MR. LIN HAD ALLEGEDLY UNDERGONE IN PRISON.

14. OUR ATTENTION IN FOREIGN POLICY HAS BEEN FOCUSED TO SUCH A LARGE EXTENT ON THE RECENT EVENTS IN IRAN AND AFGHANISTAN THAT LITTLE NOTICE HAS BEEN GIVEN TO THE NEW REPRESSIVE ACTIONS OF THE AUTHORITIES ON TAIWAN. NONETHELESS, I BELIEVE IT IS NOT TOO LATE FOR THE UNITED STATES TO USE ITS INFLUENCE TO ENCOURAGE RENEWED MOVEMENT TOWARD PARTICIPATORY DEMOCRACY IN TAIWAN. PREMIER Y.S. SUN HAS STATED THAT THE KAOHSIUNG AFFAIR WILL NOT ADVERSELY AFFECT THE CAUSE OF DEMOCRACY IN TAIWAN; WE SHOULD STRONGLY
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ENCOURAGE HIM AND HIS GOVERNMENT TO FOLLOW THROUGH ON THIS UNDERTAKING.

15. WE MUST RECOGNIZE THAT WITH THE LEADERS OF THE ORGANIZED DEMOCRATIC MOVEMENT IN PRISON, THERE IS A DANGER THAT THE PEACEFUL ROADS TO DEMOCRACY WILL APPEAR TO BE CLOSED, AND THERE WILL BE INCREASED POLITICAL CONFRONTATION AND FURTHER VIOLENCE ON THE ISLAND. THAT IS A SITUATION WE ALL WANT TO AVOID.

16. IN THE PRESENT CASE, MY FIRST HOPE WAS THAT THOSE DETAINED IN CONNECTION WITH THE KAOHSIUNG INCIDENT WOULD BE RELEASED OR BE SUBJECT TO MINIMAL PENALTIES. SINCE THIS DID NOT COME ABOUT, IT IS IMPORTANT THAT THE DEFENDANTS RECEIVE PROMPT AND FAIR TRIALS IN OPEN CIVILIAN COURTS WITH THE COUNSEL OF THEIR CHOICE AND THAT THEIR SENTENCES BE COMMENSURATE WITH ANY CRIMES THEY MAY HAVE COMMITTED. PROSECUTION RECOMMENDATIONS FOR LENIENCY ARE A POSITIVE, IF LIMITED, FIRST STEP. CARRYING OUT THE OTHER STEPS WOULD BE A WELCOME INDICATION OF PROGRESS ON THE PART OF THE TAIWANESE GOVERNMENT.

17. IN THE LONGER TERM, WE MUST ALSO ENCOURAGE THE LEADERS OF TAIWAN ORIGINATING FROM THE MAINLAND TO SHARE A MUCH GREATER DEGREE OF POLITICAL POWER WITH THE OTHER INHABITANTS OF THE ISLAND. WHILE THERE HAVE BEEN COMMENDABLE INCREASES IN THE PROPORTION OF NATIVE-BORN TAIWANESE SERVING IN THE PROVINCIAL GOVERNMENTS, THE MAINLAND CHINESE RETAIN VIRTUALLY FULL CONTROL AT THE NATIONAL LEVEL. A MORE BROADLY-BASED GOVERNMENT IN TAIWAN, AND AN END TO THE MORE THAN 30 YEARS OF MARTIAL

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LAW, WILL BEST ASSURE THE FUTURE STABILITY AND SECURITY OF THE ISLAND.

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18. IN THE PAST, I HAVE SUPPORTED THE SALE OF DEFENSIVE WEAPONS TO TAIWAN. A YEAR AGO, I JOINED THE SENIOR SENATOR FROM CALIFORNIA (MR. CRANSTON) AND 28 OF OUR COLLEAGUES IN OFFERING A JOINT RESOLUTION THAT PROVIDED FOR THE CONTINUED SALE OF DEFENSIVE ARMS TO TAIWAN AND EXPRESSED OUR DEEP CONCERN FOR THE PEACE, PROSPERITY, AND WELFARE OF THE PEOPLE ON TAIWAN. THE SUBSTANCE OF THIS RESOLUTION WAS LATER INCORPORATED INTO THE TAIWAN RELATIONS ACT OF 1979.

19. HOWEVER, I DO NOT BELIEVE THAT ARMS SALES SHOULD BE CONSTRUED AS APPROVAL OF THE RECENT REPRESSIVE MEASURES ADOPTED BY THE OFFICIALS IN TAIPEI. IT IS CLEAR THAT VIOLATIONS OF HUMAN RIGHTS WILL ONLY HAMPER OUR EFFORTS TO MAINTAIN AS CLOSE A RELATIONSHIP AS WE HAVE HAD WITH TAIWAN. UNDER THE TAIWAN RELATIONS ACT, THE UNITED STATES HAS UNDERTAKEN TO PRESERVE AND ENHANCE "THE HUMAN RIGHTS OF ALL THE PEOPLE ON TAIWAN," AND THIS OBLIGATION SHOULD BE FULFILLED.

20. TAIWAN HAS MADE ENORMOUS PROGRESS IN ITS ECONOMIC DEVELOPMENT, WITH AN ECONOMY THAT NOW RANKS AMONG THE FASTEST-GROWING IN THE WORLD. I JOIN WITH THOSE IN

TAIWAN--BOTH WITHIN AND OUTSIDE THE GOVERNMENT AND THE KUOMINTANG--WHO BELIEVE THE TIME HAS COME FOR POLITICAL ADVANCES TO MATCH THOSE MADE IN THE ECONOMIC SECTOR. WHILE THERE ARE DIFFERENCES OVER THE EXACT NATURE AND PACE OF THESE ADVANCES, THERE IS A BROAD CONSENSUS ON THE DIRECTION. WE ARE NOW AT A TURNING POINT: THE AUTHORITIES IN TAIWAN, BY THEIR CONDUCT OF THE KAOHSIUNG TRIALS AND BY THEIR HANDLING OF FORTHCOMING ELECTIONS, HAVE THE OPPORTUNITY EITHER TO CONTINUE THE NEW WAVE OF REPRESSION OR TO RESUME THEIR EARLIER PROGRAM OF POLITICAL LIBERALIZATION. THE FINAL DECISIONS THAT ARE MADE

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IN THIS REGARD WILL GO FAR IN DETERMINING BOTH THE FUTURE
STABILITY OF TAIWAN AND THE PROSPECTS FOR CONTINUED CLOSE
U.S.-TAIWAN RELATIONS." END TEXT.

SIGNED DEAN. VANCE

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AMEMBASSY TOKYODEPARTMENT OF STATE IM/IPS/CR/IR (1) Date: 6 Apr 98
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TAIPEI 00506

FOIA Exemptions () CLASSIFY as () S or () C Sec.
PA Exemptions () DOWNGRADE TS to () S or () CE.O. 12065: GDS 1/31/86 (PRATT, MARK)
TAGS: PINT, TW, JA, US
SUBJECT: JAPANESE/AMERICAN INVOLVEMENT AS THEME IN
- KAOHSIUNG TRIALS

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1. [REDACTED] ENTIRE TEXT.)
2. WATARUDA MASAHIRO REMAINS ONE OF THOSE ACCUSED IN THE KAOHSIUNG RIOT CASE EVEN THOUGH HE DID NOT ARRIVE IN TAIWAN UNTIL DECEMBER 18 AND WAS APPREHENDED APPARENTLY ONLY FOR SERVING AS A COURIER TAKING DOCUMENTS TO JAPAN. ACCORDING TO THE JAPANESE INTERCHANGE ASSOCIATION (JIA) HERE, HE HAD NEVER BEEN TO TAIWAN BEFORE AND WAS NOT A MEMBER OF TIM ORGANIZATIONS IN JAPAN, MERELY OF A GENERAL HUMAN RIGHTS GROUP. WATARUDA WILL THEREFORE APPARENTLY GO ON TRIAL ON FEBRUARY 12 ALONG WITH THE TAIWANESE--AND PERHAPS A MAINLANDER OR TWO.
3. JIA HAS BEEN ATTEMPTING WITHOUT SUCCESS TO CONTACT WATARUDA. WATARUDA'S PARENTS CAME TO TAIWAN WITH AN INTRODUCTION FROM PROMINENT PRO-TAIWAN DIET MEMBER NADAO HIROKICHI, BUT THEY ALSO WERE NOT ABLE TO VISIT THEIR SON. SECURITY SERVICES HAVE CONTINUALLY REPEATED THE REFRAIN THAT HE IS BEING TREATED IN ACCORDANCE

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WITH THE LAW, BUT ALL REQUESTS FOR THE NAME AND PROVISION OF THE LAW HAVE BEEN IGNORED. THE JAPANESE ARE DISPLEASED WITH THE TREATMENT THEY ARE BEING GIVEN BY THE SECURITY SERVICES, BUT THEY DO NOT EXPECT ANY GREAT PRESSURE WILL BE PUT ON TAIPEI BY THE GOJ.

4. THE TREATMENT OF WATARUDA IS IN MARKED CONTRAST WITH THAT ACCORDED AMERICANS. LINDA GAIL ARRIGO SHIH WAS OBVIOUSLY FAR MORE CENTRALLY INVOLVED IN ALL

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"FORMOSA" ACTIVITIES OVER A PERIOD OF YEARS THAN WATARUDA COULD HAVE BEEN EVEN IF HE HAD BEEN INVOLVED WITH TIM ACTIVITIES IN JAPAN. SHE WAS MERELY EXPELLED, AND WHILE THE PRESS ONCE ARGUED THAT SHE SHOULD HAVE BEEN RETAINED FOR TRIAL AS EQUALLY GUILTY, THE STATEMENT SEEMED DESIGNED TO ARGUE THE OPPOSITE: IF ARRIGO COULD BE MERELY EXPELLED THEN THE OTHERS ARE NOT GUILTY OF A SEVERE OFFENCE SUCH AS SEDITION. ANOTHER AMERICAN STUDENT WAS ALSO IN EFFECT ASKED TO LEAVE WHEN HER VISA WAS EXTENDED FOR ONLY A FEW DAYS. AN AMERICAN LAWYER, A FRIEND OF YAO CHIA-WEN'S, ATTEMPTED TO LEAVE TAIWAN WITH NOTES AND PUBLICATIONS WHICH HE HAD COLLECTED ON THE KAOHSIUNG RIOT AND ITS BACKGROUND, AND RATHER THAN BEING ARRESTED AS A COURIER, HIS DOCUMENTS WERE SEIZED. (SOME SAY THAT HE WAS TOLD TO LEAVE, BUT WE ARE NOT SURE WHETHER THAT IS INDEED TRUE.)

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5. THE TREATMENT OF WATARUDA IS THEREFORE FAR MORE SEVERE THAN THAT GIVEN TO THE AMERICANS INVOLVED. HOWEVER, THE PRESS REFERENCES TO "FOREIGN INVOLVEMENT" HAVE GENERALLY BEEN SO COUCHED THAT READERS THINK OF THE US RATHER THAN JAPAN AS THE COUNTRY CONCERNED. IN ADDITION, THERE HAVE BEEN OBLIQUE REFERENCES IN THE

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PRESS AND OFFICIALLY INSPIRED RUMORS OF CIA, USG, AND AIT INVOLVEMENT.

6. IT SEEMS LIKELY THAT WATARUDA'S TRIAL IS DESIGNED TO INVOLVE AT LEAST ONE "FOREIGNER" IN ORDER TO MAKE SURE THAT THE ACCUSATION OF "FOREIGN INVOLVEMENT" IS HIGHLIGHTED AND SUBSTANTIATED. OBVIOUSLY HAVING AN AMERICAN ON TRIAL WOULD ACTIVATE EVEN MORE AMERICAN CONGRESSIONAL AND HUMAN RIGHTS ASSOCIATION INTEREST THAN WOULD OTHERWISE BE THE CASE, AND MAINLANDERS WILL UNDERSTAND THAT WOULD NOT BE DESIRABLE. ON THE OTHER HAND, WE CAN EXPECT THE THEME OF TIM ELEMENTS IN THE US TO BE PROMINENT EVEN THOUGH NO AMERICAN IS ON TRIAL. THE SECURITY SERVICES PROBABLY DECIDED THAT TRYING WATARUDA WOULD NOT HAVE THE COUNTERPRODUCTIVE RESULTS OF TRYING AN AMERICAN BECAUSE THE GOJ AND HUMAN RIGHTS GROUPS IN JAPAN WILL MAKE LITTLE FUSS. IN ADDITION, MAINLANDERS CAN INDULGE THEMSELVES IN A LITTLE INDIGNATION OVER CONTINUING JAPANESE INVOLVEMENT WITH THE TAIWANESE.

7. WE KEEP IN FAIRLY CLOSE TOUCH WITH THE JIA HERE BECAUSE WE CAN EXPECT OUR TWO COUNTRIES TO BE "CO-DEFENDERS" ALONG WITH THE "FORMOSA" GROUP IN THE UPCOMING TRIAL. WE GATHER THAT THE PRESS IN JAPAN HAS

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CHANNEL: n/a

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GIVEN CONSIDERABLY MORE COVERAGE OF THE KAOHSIUNG
INCIDENT THAN THE US PRESS WHICH HAS IRAN AND AFGHAN-
ISTAN TO FILL THE FOREIGN NEWS SECTION. WE WOULD
APPRECIATE ANY APPRAISALS EMBASSY TOKYO MAY BE ABLE
TO PROVIDE BEFORE THE ACTUAL TRIALS START. CROSS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** [REDACTED]

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Date Printed: 03/25/1998

DOC_NUMBER: 80AITTA00305

CHANNEL: n/a

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E.O. 12065: N/A

SUBJECT: REPORT FOR PERIOD JANUARY 10-16, 1980

95040702

-- ALL PAPERS REPORTED DAVID DEAN ARRIVED FOR TALKS WITH
CCNAA TAIPEI STAFF MEMBERS ON U.S.-TAIWAN RELATIONS.
THE CHINA NEWS CLAIMED EDITORIALY THAT AIT AND CCNAA
"ACTUALLY REPRESENT" THE U.S. AND TAIWAN GOVERNMENTS AND
CALLED FOR DIRECT OFFICIAL CONTACTS.

THE UNITED DAILY NEWS SAID AIT OFFICIALS WOULD BRIEF DEAN
ON THE KAOHSIUNG RIOT. PAPERS CARRIED PHOTOS OF DEAN
BEING WELCOMED BY CHARLES CROSS AND TSAI WEI-PING AND
PAUL TSO OF CCNAA.

-- THE VISIT OF THE JOINT ECONOMIC COMMITTEE HEADED BY
SENATOR BENTSEN WAS COVERED IN ALL PAPERS. STORIES SAID
THE DELEGATION CALLED ON PRESIDENT CHIANG, PREMIER SUN --
WHO SAID TAIWAN'S IMPORTS FROM THE U.S. WILL BE INCREASED--
ECONOMICS MINISTER K. S. CHANG AND FOREIGN MINISTER F. S.
CHU.

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THE INDEPENDENCE EVENING POST SAID BENTSEN URGED THAT
TAIWAN ELIMINATE TARIFF BARRIERS TO ENCOURAGE U.S.
IMPORTS. HIS VISIT COINCIDED WITH VISITS OF OTHER CON-
GRESSIONAL GROUPS LED BY JIM JEFFRIES AND SHIRLEY
CHISHOLM.

-- PAPERS SAID JEFFRIES TOLD A PRESS CONFERENCE U.S.-
TAIWAN RELATIONS WERE "UNSATISFACTORY" AND THAT MORE
FORMAL RELATIONS SHOULD BE ESTABLISHED; ALSO THAT THE

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U.S. SHOULD SELL LONG-RANGE FIGHTER AIRCRAFT TO TAIWAN.

-- MISS CHISHOLM WAS SAID TO HAVE ADVOCATED THE U.S. SHOULD SEEK CLOSER COOPERATION WITH TAIWAN IN AN EFFORT TO STOP COMMUNIST EXPANSION.

-- OTHER NEWS STORIES FOR THE REPORTING PERIOD INCLUDED THE SOVIET MILITARY EXPANSION IN AFGHANISTAN, U.S. PRESSURE ON IRAN, FOR RELEASE OF THE HOSTAGES, THE SOVIET VETO OF THE SECURITY COUNCIL RESOLUTION ASKING SANCTIONS AGAINST IRAN, THE CAPTURE OF SHIH MING-TE AND HAROLD BROWN'S TRIP TO PEKING.

THE CHINA POST SAID BROWN'S STATEMENT THE U.S. PLANS NO ARMS SALES TO THE PRC IS "TEMPORARY AND WAS MADE FOR SOVIET CONSUMPTION."

-- TAIWAN'S OLYMPIC COMMITTEE CHAIRMAN ISSUED A STATEMENT JANUARY 16 SAYING THE THE COMMITTEE WILL APPEAL AGAINST THE SWISS COURT REJECTION OF ITS REQUEST FOR AN INJUNCTION AGAINST THE IOC DECISION.

-- THE CAPTURE OF SHIH MING-TE, ALLEGED ORGANIZER OF THE KAOHSIUNG RIOT, AND THE ARREST OF FOUR PERSONS
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ACCUSED OF SHELTERING HIM, WAS HEADLINED IN ALL PAPERS.

THE CHINA TIMES SAID SHIH'S WIFE, LINDA ARRIGO, "HARASSED" DAVID DEAN AND DEMANDED AIT AND THE STATE DEPARTMENT INTERVENE WITH THE RESULT THAT WARREN CHRISTOPHER ORDERED THE TAIWAN AFFAIRS COORDINATION DESK TO PREPARE A BRIEFING ON THE RIOT AND HUMAN RIGHTS IN TAIWAN.

MONICA CROGHAN, DESCRIBED AS A CLOSE ASSOCIATE OF MISS ARRIGO, WAS FORCED TO LEAVE TAIWAN AFTER HER VISA EXPIRED.

-- THE UNITED DAILY NEWS SAID "REVEREND" WU WEN, PRESBYTERIAN, HELPED AUTHORITIES APPREHEND SHIH BECAUSE ACCOMPLICES INTENDED TO MURDER HIM IF CAPTURE WAS IMMINENT AND THEN TRY TO IMPLICATE THE GOVERNMENT. A DOLS 83,333 REWARD FOR SHIH'S ARREST WENT TO AN UNIDENTIFIED INFORMER WHO SAID HE WAS MOTIVATED BY PATRIOTISM.

-- A CHINA NEWS EDITORIAL ASSERTED WORLDWIDE DENUNCIATION OF SOVIET AGGRESSION IN AFGHANISTAN IS WELCOME AND REASSURING BUT THAT THE "INFORMAL ALLIANCE" BETWEEN THE U.S. AND THE PRC IS UNNECESSARY AND A VIOLATION OF

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Date Printed: 03/25/1998

DOC_NUMBER: 80AITTA00305

CHANNEL: n/a

AMERICAN INTEGRITY.

"IF THE U.S. TRIES TO BEFRIEND ONE TO OPPOSE THE OTHER, IT WILL WIND UP BEING TARRED WITH THE BRUSH OF BOTH AND DETESTED BY THE FREE WORLD AS A MACHIAVELLIAN MANIPULATOR WITHOUT MORALITY," THE PAPER SAID.

-- THE EXECUTIVE YUAN SAID A PROPOSAL BY KUOMINTANG LEGISLATOR KAO YU-HO FOR ESTABLISHING AN AMOY DIALECT TV STATION WAS IMPRACTICAL BECAUSE OF "INSURMOUNTABLE

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DIFFICULTIES." THE UNITED DAILY NEWS CARRIED TWO LETTERS OPPOSING KAO'S SUGGESTION AS BACKWARD AND SAID NO MORE LETTERS ON THE SUBJECT WOULD BE PUBLISHED.

-- THE CHINA NEWS SAID THE TAIWAN GARRISON COMMAND ARRESTED 18 FISHERMEN FROM KAOHSIUNG ON CHARGES OF TRADING WITH PRC COUNTERPARTS IN NEARBY WATERS. THE STORY SAID BOGUS NAMEBRAND CAMERAS AND WATCHES FROM TAIWAN WERE EXCHANGED FOR GOLD-COVERED LEAD BARS AND COINS BUT THAT DESPITE THE DECEPTIVE TRADING PRACTICES, GOLD ORNAMENTS, 50,000 SILVER COINS AND HERBAL MEDICINE SEIZED BY THE POLICE WERE VALUED AT NT DOLS 50 MILLION. THE NEW LIFE DAILY NEWS SAID 78 MARINE STUDENTS FROM A TAIWAN TRAINING SHIP AND SEAMEN FROM A PRC SHIP, THE KANG TING, EXCHANGED SHIPBOARD VISITS SOMEPLACE IN MALAYSIAN WATERS IN DECEMBER.

-- H. K. SHAO, DIRECTOR GENERAL, BOARD OF FOREIGN TRADE,

SAID TAIWAN'S FIFTH "BUY AMERICAN" MISSION WILL LEAVE IN MARCH TO SPEND DOLS 1 BILLION FOR U.S. GRAIN AND OTHER PRODUCTS.

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-- M. L. CHANG, VICE PRESIDENT OF THE CHINESE PETROLEUM CORPORATION, SAID KUWAIT WILL INCREASE OIL SUPPLIES TO TAIWAN FROM 72,000 TO 80,000 BARRELS DAILY. WITH ANOTHER 22,000 BARRELS DAILY COMING FROM EXXON CORPORATION AND 50,000 BARRELS FROM SAUDI ARABIA, TAIWAN WILL HAVE ENOUGH OIL FOR 1980, CHANG SAID.

-- THE TOURISM BUREAU SAID 1,340,000 TOURISTS VISITED TAIWAN LAST YEAR, APPROXIMATELY 70,000 MORE THAN IN 1978. JAPANESE ACCOUNTED FOR MORE THAN HALF OF THE TOTAL AND 113,600 AMERICAN VISITORS COMPRISED THE SECOND LARGEST GROUP.

-- CONSUMER PRICES ROSE 9.75 PERCENT AND WHOLESALE COMMODITY PRICES BY 13.84 PERCENT IN 1979, THE DIRECTORATE GENERAL OF BUDGET, ACCOUNTING AND STATISTICS ANNOUNCED. THE AGENCY SAID OIL PRICE HIKES WERE RESPONSIBLE.

-- PAPERS NOTED THAT AIT'S AMERICAN TRADE CENTER IN TAIPEI WILL SPONSOR "COMPUTECH '80," AN EXHIBIT FEATURING COMPUTER INDUSTRY DEVELOPMENTS AND TECHNOLOGY, JANUARY 22 THROUGH 26. THIRTY-FOUR AMERICAN COMPANIES ARE CONTRIBUTING EXHIBITS.

-- K. P. LIANG, DIRECTOR GENERAL, DIRECTORATE GENERAL OF COMMUNICATIONS, TOLD THE ECONOMIC NEWS TAIWAN HAD 1,801,544 TELEPHONE SUBSCRIBERS IN OCTOBER, 1979, AND THAT APPROXIMATELY 420,000 NEW PHONES WILL BE INSTALLED IN 1980. INSTALLATION COSTS THE SUBSCRIBER NT DOLS 14,000, WITH THE DGT SUBSIDIZING AN ADDITIONAL NT DOLS 18,000 TO COVER ACTUAL COSTS.

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-- YU PENG, FORMERLY DIRECTOR OF MOFA'S CONSULAR AFFAIRS, BECAME TAIWAN'S NEW AMBASSADOR TO HONDURAS.

-- LOUIS VORSTER, NEWLY APPOINTED AMBASSADOR FROM SOUTH AFRICA, ARRIVED TO REPLACE WILLEM PRETORIA WHO WAS REASSIGNED. CROSS

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Date Printed: 03/25/1998

DOC_NUMBER: 80AITTA00176

CHANNEL: n/a

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E.O. 12065: N/A
SUBJECT: REPORT FOR PERIOD JANUARY 3-9, 1980

95040702

-- APART FROM IRAN AND AFGHANISTAN NEWS, DEFENSE SECRETARY BROWN'S TRIP TO PEKING, THE RESUMPTION OF U.S. WEAPON SALES TO TAIWAN, THE WITHDRAWAL OF SAUDI ARABIA FROM THE MOSCOW OLYMPICS, THE U.S. DECISION TO DEVELOP THE F-X FIGHTER AND CURTAILMENT OF U.S. GRAIN SALES TO THE SOVIET UNION WERE BIG PAGE ONE STORIES FOR THE REPORTING PERIOD.

-- IN COMMENTING ON THE REPORT THAT DOLS 280 MILLION IN ARMS WOULD BE MADE AVAILABLE DURING 1980 THE UNITED DAILY NEWS AND OTHER PAPERS SAID TAIWAN'S "BRASSHATS" COMPLAINED THE FIRST BATCH OF WEAPONS OFFERED DO NOT MEET TAIWAN'S DEFENSE NEEDS.

A UPI WIRE STORY FROM TAIPEI SAID MILITARY OFFICIALS CLAIM THAT UNLESS THE ADMINISTRATION SELLS ADVANCED COMBAT JETS SUCH AS THE F-4, F-16 AND F-18 TAIWAN WILL LOSE AIR SUPERIORITY OVER THE TAIWAN STRAIT.

OTHER STORIES SAID THAT IN CASE OF HOSTILITIES MEDIUM AND UNCLASSIFIED

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LONG RANGE MISSILES ARE IMPORTANT TO THE ISLAND'S DEFENSE BECAUSE THE LOCAL GOVERNMENT HAS RULED OUT USING NUCLEAR WEAPONS.

THE CHINA TIMES SAID THE ARMS SALES ANNOUNCEMENT SIGNALS THE U.S. DOES NOT INTEND TO ABANDON "AN OLD ALLY," AND TERMED THE SALE A BLOW TO HSU HSIN-LIANG AND OTHER ALLEGED ADVOCATES OF AN INDEPENDENT TAIWAN. HSU, THE CHINA TIMES SAID, MET DAVID DEAN TO URGE THAT THE U.S. NOT SELL.

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SOPHISTICATED WEAPONS TO TAIWAN.

THE UNITED DAILY NEWS ASKED HOW ONE CAN KNOW THE SALE OF WEAPONS TO TAIWAN DOES NOT INVOLVE A "TACIT AGREEMENT" BETWEEN THE U.S. AND THE PRC.

ALL PAPERS PICKED UP A NEW YORK TIMES STORY THAT THE F-X FIGHTER TO BE DEVELOPED MIGHT BE SOLD TO TAIWAN, SOUTH KOREA, TURKEY AND PAKISTAN.

-- THE UNITED DAILY NEWS AND NEW LIFE DAILY NEWS SAID MAJ. GEN. HSU MEI-LIN, TAIWAN GARRISON COMMAND SPOKESMAN, TOLD A SEMINAR THAT THE GOVERNMENT SHOULD BRING CHARGES OF SEDITION AGAINST TAIWAN CITIZENS WHO ARE REPORTED TO HAVE ORGANIZED A "UNITED FRONT" FOR AN INDEPENDENT TAIWAN IN NEW YORK IN DECEMBER.

SCHOLARS ATTENDING THE MEETING ASSERTED THE KAOHSIUNG RIOT WAS PLANNED IN ADVANCE BY PERSONS FAVORING TAIWAN INDEPENDENCE.

-- THE TAIWAN GARRISON COMMAND PRESENTED A NEW CAR TO A KAOHSIUNG TAXI DRIVER WHO ASSISTED INJURED CIVILIAN AND MILITARY POLICE DURING THE RIOT AT KAOHSIUNG. THE DRIVER, UNCLASSIFIED

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WHO WAS INJURED AND HIS TAXI SMASHED, ALSO RECEIVED NT DOLS 50,000 FROM LT. GEN. LIU CHIN-TI, COMMANDER OF THE MILITARY POLICE.

A WOMAN WHO BEGGED THE RIOTERS NOT TO ATTACK THE POLICE RECEIVED A CITATION FROM INTERIOR MINISTER CHIU CHUANG-HUAN, AND OTHER AWARDS.

-- PAPERS SAID U.S. CUSTOMS OFFICIALS DETECTED A COUNTERFEIT VISA HELD BY A TRAVELER FROM TAIWAN AND THAT TAIPEI POLICE HAD ARRESTED SIX PERSONS ON CHARGES OF COUNTERFEITING VISAS.

THE CHINA TIMES SAID BOLIVIA'S FORMER HONORARY CONSUL IN TAIPEI CONTINUED TO "SELL" INVALID VISAS AFTER SHE LEFT HER POST.

-- DISCUSSING PROPOSED VISITS TO TAIWAN BY MAINLANDERS, A NATIONAL CHENGCHI UNIVERSITY PROFESSOR TOLD THE GREAT CHINA EVENING NEWS THAT THE VISITS SHOULD BE ARRANGED THROUGH A THIRD PARTY SUCH AS THE UNITED STATES, AND HE SUGGESTED THE LOCAL GOVERNMENT ALLOW ISLANDERS TO VISIT CHINA FROM THIRD COUNTRIES. PROFESSOR TAN SU-CHENG ALSO SUGGESTED MAINLAND INTELLECTUALS AND COMMUNIST CADRE RECEIVE THE FIRST INVITATIONS.

Date Printed: 03/25/1998

DOC_NUMBER: 80AITTA00176

CHANNEL: n/a

-- IN AN INTERVIEW WITH THE ECONOMIC NEWS, PROFESSOR HUANG YUEH-CHIN, NATIONAL CHENGCHI UNIVERSITY, DESCRIBED OPPOSITION FORCES AS CONSISTING OF OLDER-GENERATION TAIWANESE WITH AN ANTI-GOVERNMENT BIAS, AMBITIOUS INTELLECTUALS, INCLUDING SOME WHO ATTAINED PROMINENCE THROUGH ELECTIONS IN CENTRAL AND LOCAL ASSEMBLIES AND LOCAL GOVERNMENTS; HARDLINE DISSIDENTS WHO HAD SERVED PRISON TERMS FOR POLITICAL REASONS; YOUNG COLLEGE GRADUATES WITH STRONG IDEALS BUT NAIVE POLITICAL TECHNIQUES AND OF LIMITED EXPERIENCE; AND CRIMINALS AND

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DELINQUENTS LOOKING FOR POLITICAL REASONS TO EXPLAIN AWAY
THEIR UNLAWFUL CONDUCT.

HUANG SAID ONE OF THE MAJOR FACTORS BEHIND THE GROWTH OF
OPPOSITION FORCES STEMS FROM THE GOVERNMENT'S REVERSAL
OF A TIGHT CONTROL POLICY IN HOPE OF CREATING NATIONAL
UNITY.

IN THE SAME ECONOMIC NEWS ISSUE, CHU CHIEN-CHANG, DEPUTY
DIRECTOR OF ORGANIZATIONAL AFFAIRS FOR THE KMT CENTRAL
COMMITTEE, SAID HE THINKS A FORMAL OPPOSITION PARTY IS
UNNECESSARY BECAUSE THE TAIWAN SITUATION REQUIRES SOLIDAR-
ITY AND STABILITY TO ENSURE ECONOMIC DEVELOPMENT. BUT HE
SAID HE WOULD WELCOME MORE CONSTRUCTIVE CRITICISM FROM
BOTH THE OPPOSITION AND THE KUOMINTANG.

-- PAPERS NOTED THAT LIU CHI-HUNG, PRESIDENT, EXAMINATION
YUAN, SAID THAT 250,000 OF TAIWAN'S 390,000 PUBLIC
SERVANTS ARE NATIVE BORN TAIWANESE AND THAT THIS INDICATES

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A DEMOCRATIC, FREE SOCIETY.

-- VICE MINISTER OF ECONOMIC AFFAIRS Y. T. WONG SAID
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TAIWAN WILL CONDUCT "UNOFFICIAL" TRADE WITH EASTERN
EUROPE AND DOES NOT ANTICIPATE A "MAJOR MARKET" IN THAT
AREA.

YU KUO-HUA, CHAIRMAN, COUNCIL FOR ECONOMIC PLANNING AND
DEVELOPMENT, SAID TAIWAN'S TWO-WAY TRADE COULD REACH DOLS
38.7 BILLION IN 1980, AS COMPARED WITH DOLS 30.9 BILLION
IN 1979.

-- ALL PAPERS NOTED THAT CAPTAIN CHUNG SHUNG-HUNG, A PRC
CIVIL AVIATION PILOT, DEFECTED TO TAIWAN BY WAY OF HONG
KONG IN DECEMBER.

-- THE WATER CONSERVATION BUREAU ANNOUNCED IT WILL SPEND
DOLS 133 MILLION FOR IRRIGATION, DRAINAGE, RESERVOIR
CONSTRUCTION AND RELATED PROJECTS IN 1980.

-- THE EXPRESS NEWS (CNA) SAID THAT THERE ARE 1,611
FAMILY NAMES IN TAIWAN, THE PREVALENT SURNAME BEING CHEN
(1,800,000). OTHERS ARE LIN (1,300,000); HUANG (1 MILLION)
AND CHANG (800,000). THERE ARE ALSO THOUSANDS OF LIS,
WANGS, WUS, LIUS, TSAIS AND YANGS.

-- A NEWS ITEM IN THE CHINA TIMES SAID THAT ALTHOUGH
THE TASTE IS NOT BAD, ISLANDERS HAVE AN AVERSION TO
RHINEGOLD BEER IMPORTED FROM THE U.S. BECAUSE THE
RHINEGOLD BOTTLE RESEMBLES A PESTICIDE CONTAINER SOLD
IN TAIWAN.

THE STORY SAID RETAILERS STATED THAT FOR EVERY 10 BOTTLES
OF TAIWAN BEER THEY BUY FROM THE TAIWAN TOBACCO AND MINE
MONOPOLY BUREAU THEY HAVE TO BUY ONE BOTTLE OF AMERICAN
BOTTLED BEER.

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-- VISITING CONGRESSMAN JIM JEFFRIES CALLED ON CHARLES
CROSS AND TSAI WEI-PING FOR TALKS ON U.S.-TAIWAN RELATION-
SHIPS, THE INDEPENDENCE EVENING NEWS SAID. LATER JEFFRIES
WAS TO MEET GENERAL KE TUN-HUA, DEPUTY DEFENSE MINISTER,
FOREIGN MINISTER CHU FU-SUNG AND FRED CHIEN, VICE FOREIGN
MINISTER. CROSS

Date Printed: 03/25/1998

DOC_NUMBER: 79AITTA04992

CHANNEL: n/a

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E.O. 12065: N/A

SUBJECT: REPORT FOR PERIOD DECEMBER 20-26, 1979

95040702

-- TOP NEWS STORIES ON THE DOMESTIC SCENE DURING THE REPORTING PERIOD INCLUDED A 28.7 PERCENT OIL PRICE HIKE; A MEETING BETWEEN DAVID DEAN AND KONSIN SHAH, REPORTEDLY FOR DISCUSSIONS INCLUDING A BOMBING INCIDENT AT THE BETHESDA OFFICE OF THE COORDINATION COUNCIL FOR NORTH AMERICAN AFFAIRS AND PROTECTION FOR CCNAA OFFICES; THE GOVERNMENT OF TAIWAN'S SUSPENSION OF THREE POLITICAL MAGAZINES FOR ONE YEAR; AND THE SEARCH FOR SHIH MING-TE, FORMOSA MAGAZINE GENERAL MANAGER ACCUSED OF PLANNING THE KAOHSIUNG RIOT THAT REPORTEDLY RESULTED IN INJURIES TO 183 CIVIL AND MILITARY POLICE.

-- AMONG PROMINENT INTERNATIONAL NEWS STORIES IN THE LOCAL PRESS WERE: THE U.S. PROPOSAL FOR ECONOMIC SANCTIONS AGAINST IRAN; CHRISTMAS SERVICES BY U.S. CLERGYMEN FOR HOSTAGES AT THE AMERICAN EMBASSY IN TEHRAN;
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THE INAUGURATION OF CHOI KYU HAH AS PRESIDENT OF THE REPUBLIC OF KOREA; AND DEATH SENTENCES FOR KIM JAE KYU AND SIX OTHERS CONNECTED WITH THE ASSASSINATION OF PRESIDENT PARK.

-- THE UNITED DAILY NEWS REPORTED THAT LINDA GAIL ARRIGO, WIFE OF SHIH MING-TE, TOLD REPORTERS IN HONG KONG THAT ALL ACTIVITIES OF THE AMERICAN INSTITUTE IN TAIWAN SHOULD BE STOPPED UNTIL THE GOVERNMENT ON TAIWAN STOPS PERSECUTING

PARTICIPANTS IN THE "NEW DEMOCRATIC MOVEMENT". ARRIGO REPORTEDLY INTENDS TO LOBBY IN THE UNITED STATES FOR POLITICAL FREEDOM OF THE TAIWANESE.

ALL PAPERS REPORTED THAT THE TAIWAN GARRISON COMMAND RAISED THE REWARD FOR INFORMATION LEADING TO THE ARREST OF SHIH MING-TE FROM NT DOLS 500,000 TO NT DOLS 1 MILLION.

-- ALL PAPERS CARRIED REPORTS THAT STATE DEPARTMENT SPOKESMAN JOHN CANNON TOLD THE PRESS THE GOVERNMENT WILL SEE TO IT THAT ALL CCNAA OFFICES RECEIVE ADEQUATE PROTECTION. THE ACCOUNTS NOTED A SMALL EXPLOSIVE DEVICE WAS FOUND AT THE CCNAA OFFICE IN BETHESDA. ACCORDING TO THE CENTRAL NEWS AGENCY, CANNON SAID THE UNITED STATES IS OBLIGATED TO PROVIDE PROTECTION.

FU CHIEN-CHUNG, CHINA TIMES WASHINGTON CORRESPONDENT, SAID STATE DEPARTMENT SPOKESMAN TOM RESTON REITERATED THE U.S. OBLIGATION AND THAT THE EXECUTIVE PROTECTION SERVICE WAS ALERTED BY THE STATE DEPARTMENT TO PROTECT THE WASHINGTON CCNAA OFFICE AND ITS PERSONNEL.

THE UNITED DAILY NEWS (UDN) SAID "MOBSTERS" ATTACKED AND DAMAGED OFFICES OF THE "WORLD JOURNAL," A CHINESE-LANGUAGE UNCLASSIFIED

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SUBSIDIARY OF UDN, IN NEW YORK AND SAN FRANCISCO.

PAPERS ALSO SAID THAT POLICE STOPPED A GROUP DESCRIBED AS TAIWAN INDEPENDENCE ADVOCATES, FROM ENTERING CCNAA OFFICES IN NEW YORK.

-- THE CHINA TIMES AND CENTRAL NEWS AGENCY HAD STORIES THAT DAVID DEAN AND KONSIN SHAH DISCUSSED IMMUNITIES AND PRIVILEGES FOR CCNAA AND AIT AND REACHED A TENTATIVE AGREEMENT. THE CHINA TIMES SAID SPECIAL MAIL POUCHES, CODED COMMUNICATIONS, TARIFF AND LUGGAGE CHECK EXEMPTIONS WERE ALREADY IN EFFECT TO FACILITATE THE WORK OF BOTH SIDES.

FU CHIEN-CHUNG OF THE CHINA TIMES SAID DEAN WAS "SHOCKED" TO HEAR FROM SHAH THAT TAIWAN INDEPENDENCE SUPPORTERS IN THE UNITED STATES WERE PLANNING TO TRY TO TOPPLE THE GOVERNMENT ON TAIWAN BY FORCE. FU ALSO SAID SHAH TOLD DEAN THAT ONE-THIRD OF THE NEWLY ELECTED MEMBERS OF THE KUOMINTANG CENTRAL STANDING COMMITTEE ARE NATIVES OF TAIWAN.

-- FORMOSA MAGAZINE, SPONSOR OF THE UNAUTHORIZED GATHERING THAT CAUSED THE DECEMBER 10 KAOHSIUNG RIOT, WAS SUSPENDED FOR ONE YEAR BY THE GOVERNMENT INFORMATION

Date Printed: 03/25/1998

DOC_NUMBER: 79AITTA04992

CHANNEL: n/a

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OFFICE. PAPERS SAID IF THE PUBLISHER, HUANG HSIN-CHIEH, AND OTHER MAGAZINE EXECUTIVES ARE FOUND GUILTY OF SEDITION THE MAGAZINE WILL BE PERMANENTLY BANNED.

SPRING BREEZE, ANOTHER OPPOSITIONIST MAGAZINE PUBLISHED BY WRITER WANG T'O, DESCRIBED AS A RINGLEADER IN THE KAOHSIUNG RIOT, AND THE EIGHTIES, POLITICAL MONTHLY PUBLISHED BY OPPOSITIONIST LEGISLATOR KANG NING-HSIANG, ALSO RECEIVED ONE-YEAR SUSPENSIONS ON CHARGES INCLUDING DISTORTION OF FACTS AND INSTIGATING DIVISION AMONG THE PEOPLE.

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ACTION AIT-02

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UNCLAS SECTION 02 OF 02 TAIPEI 04992

PASS USICA WASHDC FOR EA, PGM/R
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THE GOVERNMENT APPROVED THE APPLICATION OF A NEW MONTHLY, THE ASIANS, WITH CHIANG CHUN-NAN AS PUBLISHER AND KANG NING-HSIANG AS DIRECTOR.

-- THE 28.7 PERCENT OIL PRICE HIKE EFFECTIVE CHRISTMAS DAY AND AN 18 PERCENT BOOST FOR ELECTRICITY TO BE EFFECTIVE NEW YEARS DAY, WON BANNER HEADLINES.

ECONOMIC AFFAIRS MINISTER CHANG KWANG-SHIH SAID, HOWEVER, THAT THE GOVERNMENT DOES NOT PLAN FUEL RATIONING AND TAIPOWER SAID IT WILL IMPORT EIGHT MILLION TONS OF U.S. COAL IN THE NEXT FIVE YEARS.

THE COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT ESTIMATED THAT TAIWAN'S OVERALL ENERGY DEMANDS WILL INCREASE 12.8 PERCENT IN 1980.

AN ECONOMIC NEWS ARTICLE SAID METROPOLITAN TAIPEI'S 30,000 TAXIS - ONE TO EVERY 70 PERSONS IN THE CITY'S
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POPULATION OF 2.1 MILLION - ARE AMONG BIG GAS WASTERS AND THAT 35 PERCENT OF THE CABS ARE ALWAYS ON THE MOVE LOOKING FOR PASSENGERS.

-- THE CHINA TIMES REPORTED TAIPEI POLICE DETAINED THREE SUSPECTS FOR FORGING U.S. VISAS AND PICKED UP 15 PASS-PORTS WITH COUNTERFEIT U.S. VISAS. THE CHINA POST SAID A 22-YEAR OLD WOMAN FROM TAIWAN WAS DEPORTED FROM LOS ANGELES FOR USING A FORGED TOURIST VISA.

-- THE KUOMINTANG CENTRAL STANDING COMMITTEE APPROVED CHU FU-SUNG TO REPLACE Y.S. TSIANG AS FOREIGN MINISTER. TSIANG BECAME SECRETARY GENERAL OF THE KMT CENTRAL COMMITTEE, AND CH'EN LU-AN, KMT ORGANIZATIONAL AFFAIRS DIRECTOR, WAS APPROVED AS DEPUTY SECRETARY GENERAL.

-- A CENTRAL NEWS AGENCY REPORT SAID TIME MAGAZINE'S LATEST ISSUE HAS A ONE-PAGE ARTICLE DESCRIBING TAIWAN AS PROSPEROUS, RESPECTED ABROAD, AND WITH "AN ARMY THAT CAN FIGHT, EXCELLENT ECONOMIC POLICIES AND A BROAD CONSENSUS AMONG THE PEOPLE THAT THEY DO NOT WANT TO BE COMMUNIST."

-- A TEST RUN WAS COMPLETED ON A RAILWAY LINKING ILAN AND HUALIEN ON THE EAST COAST OF TAIWAN. ONE OF THE GOVERNMENT'S 10 MAJOR CONSTRUCTION PROJECTS, THE LINE COST NT DOLS 7.3 BILLION, TOOK SIX YEARS TO BUILD AND CLAIMED 20 LIVES. THE RAILWAY, WHICH IS EXPECTED TO BRING ECONOMIC ADVANTAGES TO THE EAST COAST, WILL START PASSENGER TRAFFIC IN JANUARY.

-- ACCORDING TO THE CHINA TIMES, SENATORS HAYAKAWA AND LAXALT AND CONGRESSMEN LESTER WOLFF AND JOE WYATT PLAN
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TO VISIT TAIWAN EARLY IN 1980, WOLFF AND WYATT TO COLLECT
FIRST HAND MATERIAL ON CURRENT U.S.-TAIWAN RELATIONS.
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*** Current Classification *** UNCLASSIFIED

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PAGE 01 STATE 331607
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Exemptions () DOWNGRADE TS to () S or () C

E.O. 12065: GDS 12/26/85 (ZINOMAN, MURRAY D.)

95040702

TAGS: PINT, SOPN, US, TW

SUBJECT: US PUBLIC REACTION TO KAOHSIUNG RIOT AND ARRESTS

REF: (A) TAIPEI 4910 (B) TAIPEI 4929 ✓

1. [REDACTED] - ENTIRE TEXT.

2. US PUBLIC AND MEDIA REACTION TO THE KAOHSIUNG RIOT AND SUBSEQUENT ARRESTS HAS BEEN MINIMAL DUE PRIMARILY TO THE ECLIPSE OF THESE EVENTS BY IRAN, KOREA AND DOMESTIC ISSUES. INITIAL GONT RESTRAINT, THE ABSENCE OF SPECTACULAR PROPERTY DAMAGE OR CIVILIAN CASUALTIES SEEMS ALSO TO HAVE BEEN SUCCESSFUL IN DEFUSING ANY INTEREST THE MEDIA MAY HAVE HAD. UP TO NOW, PRESS COVERAGE HAS CONSISTED, IN THE MAIN, OF BLURBS UNDER "INTERNATIONAL NEWS" HEADERS AND SMALL "FILLER" STORIES. THERE HAD BEEN SOME COVERAGE LAST WEEKEND

[REDACTED]

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(12/15-16) OF THE DAMAGE DONE TO STATESIDE CCNAA OFFICES AND A LOCAL STORY OF A SMALL BOMB AT THE CCNAA/WASHDC OFFICE LAST FRIDAY (12/21). ONE

TAIWANESE SOURCE REPORTS THAT LINDA ARRIGO'S RETURN FROM HONG KONG DID GET SOME TV COVERAGE IN THE LOS ANGELES-SAN DIEGO AREA AND THAT THERE WERE A NUMBER OF ARTICLES (NY TIMES AND WASH STAR, AMONG OTHERS) DEALING SPECIFICALLY WITH HER DEPORTATION FROM TAIWAN

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BECAUSE OF HER POLITICAL INVOLVEMENT.

3. HENRY BRADSHAW OF THE WASHINGTON STAR CALLED EA/RA/TC A FEW DAYS AFTER THE RIOT AND WAS GIVEN SOME

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GENERAL BACKGROUND FOR A STORY HE HAD INTENDED TO DO. HE LATER INDICATED THAT HE HAD DROPPED THE IDEA WHEN THE PAPER RAN A WIRE-SERVICE STORY ON IT. THE DEPARTMENT INDICATED THAT THEIR SPOKESMAN HAS RECEIVED NO QUESTIONS ON THE RIOTING OR ARRESTS SINCE DECEMBER 11. EA'S SPOKESMAN CANNON WAS QUERIED BOTH ON RIOTS AND THE DISTURBANCES IN BETHESDA BY MEMBERS OF TAIWAN PRESS CORPS. MOST OF THE CALLS TO AIT AND EA/RA/TC WERE FROM TAIWANESE.

4. NOR HAS THE DEPARTMENT YET RECEIVED ANY FORMAL CONGRESSIONAL CORRESPONDENCE ON THE INCIDENT OR ARRESTS. WHILE CERTAIN SENATORS AND CONGRESSMEN HAVE REQUESTED BACKGROUND FROM EA/RA/TC (SUPPLIED MOSTLY FROM AIT'S TAIPEI 4774 AND SUBSEQUENT), HILL ATTENTION HAS BEEN SPORADIC AND VERY SHORT.

5. A TONED-DOWN TAIWANESE DEMONSTRATION IN NEW YORK (AND MINISCULE GATHERINGS ELSEWHERE) LAST SATURDAY

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(12/23) WERE NOT COVERED. STATE/SY AND CCNAA BOTH REPORTED A VERY QUIET CHRISTMAS WEEKEND. "PRESS RELEASES" FROM THE VARIOUS TAIWANESE NATIVE ASSOCIATIONS AND STORIES IN THE CHINESE LANGUAGE PRESS HAVE KEPT THE INCIDENT IN HIGH VISIBILITY FOR THE CHINESE-AMERICAN COMMUNITY.

6. ALTHOUGH CERTAIN PRESS RELEASES FROM HUMAN RIGHTS GROUPS AND "TIM"-RELATED ASSOCIATIONS SHOW SIMILARITIES, OUR OWN PERSONAL CONTACTS WITH TAIWANESE HERE SEEM TO INDICATE A GENERAL LACK OF COORDINATION. THEIR LACK OF KNOWLEDGE REGARDING HSU HSIN-LIANG'S MOVEMENTS IN THE US (MANY CALLERS INVOKING HSU'S NAME WERE APPARENTLY UNAWARE THAT HSU HAD BEEN IN FAIRLY CONTINUOUS CONTACT WITH AIT) IS ONE INDICATION OF THIS. THE STATESIDE CHINESE LANGUAGE PRESS (WORLD JOURNAL AND PEI MEI JIH PAO) HAVE, HOWEVER, REPORTED

THAT A NUMBER OF TAIWAN ORGANIZATIONS AND HUMAN RIGHTS ASSOCIATIONS DID MEET IN NEW YORK SOMETIME AFTER 12/15 TO FORM A "UNITED FRONT". THIS "UNITED FRONT" HAS NOT BEEN ABLE TO ATTRACT THE SUPPORT OF THE "FEDERATION OF TAIWANESE ASSOCIATIONS" WHICH SO FAR HAS PREFERRED TO STAY OUT OF POLITICS. (NOTE: THERE ARE RUMORS THAT LINDA GAIL ARRIGO IS PLANNING TO COME

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TO WASHINGTON, D.C. SOON FOR A GENERAL "STRATEGY SESSION", THOUGH DETAILS ARE UNAVAILABLE.)

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7. FYI: THE FOLLOWING PRESS GUIDANCE HAS BEEN USED BY EA PRESS OFFICER REGARDING INCIDENTS AT CCNAA OFFICES:

Q: WHAT HAS BEEN HAPPENING AT THE TAIWAN OFFICES IN THE US, AND WHAT HAS DOS BEEN DOING ABOUT IT?

A: IN THE LAST SEVERAL DAYS, THERE HAVE BEEN SEVERAL

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INCIDENTS AT THE OFFICES OF THE COORDINATING COUNCIL FOR NORTH AMERICAN AFFAIRS (CCNAA) IN THE US, INCLUDING A ROCK-THROWING INCIDENT AT THEIR WASHINGTON OFFICES ON SATURDAY. CCNAA WAS ESTABLISHED TO MAINTAIN, ON AN UNOFFICIAL BASIS, PRACTICAL RELATIONS WITH TAIWAN IN A NUMBER OF AREAS FOLLOWING THE BREAK IN DIPLOMATIC RELATIONS. WE HAVE AN OBLIGATION TO PROVIDE PROTECTION TO THESE OFFICES AND ARE WORKING CLOSELY WITH LAW ENFORCEMENT AGENCIES TOWARDS THIS END. WE WILL DO EVERYTHING WE CAN TO SEE THAT ORDER IS MAINTAINED AND THAT THOSE WHO BREAK THE LAW ARE PROSECUTED.

Q: DO YOU THINK THESE INCIDENTS ARE ASSOCIATED WITH THE ARRESTS OF DISSIDENTS IN TAIWAN?

A: APPARENTLY THEY ARE.

Q: WHAT DOES THE USG THINK ABOUT THE RECENT INCIDENT IN KAOHSIUNG AND THE SUBSEQUENT ARRESTS?

A: WE ARE, OF COURSE, CONCERNED ABOUT THE RECENT INCIDENTS IN TAIWAN, INCLUDING THE VIOLENCE AND ARRESTS. WE WOULD HOPE THAT ALL PARTIES CONCERNED WOULD EXERCISE RESTRAINT AND REGARD FOR HUMAN RIGHTS IN DEALING WITH THE SITUATION.

Q: NOW THAT WE DON'T HAVE DIPLOMATIC RELATIONS WITH TAIWAN, HOW CAN WE INFLUENCE THE SITUATION?

A: LACK OF DIPLOMATIC RELATIONS DOES NOT PRECLUDE US FROM MAKING OUR VIEWS KNOWN. IN FACT, THAT'S EXACTLY WHAT WE ARE DOING NOW. END FYI.

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Date Printed: 03/30/1998

DOC NUMBER: 79STATE331607

CHANNEL: n/a

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*** Current Handling Restrictions *** n/a
*** Current Classification ***

UNCLASSIFIED

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Date Printed: 03/25/1998

DOC NUMBER: 79AITTA04898

CHANNEL: n/a

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PAGE 01 AIT TA 04898 01 OF 02 232145Z
ACTION AIT-02

INFO OCT-01 EA-12 ADS-00 CIAE-00 DODE-00 PM-05 H-02
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15
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UNCLAS SECTION 01 OF 02 TAIPEI 04898

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E.O. 12065: N/A
SUBJECT: REPORT FOR PERIOD DECEMBER 13-19, 1979

95040702

-- THE KAOHSIUNG RIOT IN WHICH 139 UNARMED MILITARY AND
43 CIVILIAN POLICE WERE INJURED DURING AN UNAUTHORIZED
RALLY MARKING WORLD HUMAN RIGHTS DAY WAS THE MAJOR LOCAL
STORY OF THE REPORTING PERIOD.

THE ARREST OF 23 MEMBERS OF THE OPPOSITION "MAGAZINE
FORMOSA, SPONSOR OF THE RALLY; THE SUPREME COURT DISMISSAL
OF THE SUIT CHALLENGING THE PRESIDENT'S RIGHT TO TERMINATE
THE 1954 MUTUAL DEFENSE TREATY WITH TAIWAN; OIL PRICE
HIKES; AND THE CONTINUING CRISIS IN IRAN WERE OTHER TOP
PAGE ONE STORIES.

AIT SPOKESMAN DENIED CIRCULATED REPORTS THAT AIT WAS
INVOLVED IN THE KAOHSIUNG RIOT AND IN ORDER TO AVOID
IMPLYING A CONNECTION STATED THAT AIT WOULD HAVE NO
FURTHER COMMENTS ON THE INCIDENT. DESPITE THIS, STATE-
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MENTS ATTRIBUTED TO AIT SPOKESMAN BEGAN CROPPING UP IN
THE PRESS AND ON TV. ONE BOGUS STATEMENT QUOTED AIT
OFFICIALS AS DENYING SHIH MING-TEH, AN ORGANIZER OF THE
RALLY, WAS HIDING AT AIT. ANOTHER HAD AIT URGING ALL
AMERICANS ON TAIWAN NOT TO HARBOR SHIH.

TAIWAN GARRISON COMMAND POSTED A NT DOLS 500,000 REWARD
FOR INFORMATION LEADING TO THE ARREST OF SHIH. PERSONS
WHO PARTICIPATED IN THE KAOHSIUNG RIOT WERE URGED TO

TURN THEMSELVES IN TO THE POLICE.

SHIH'S AMERICAN WIFE, LINDA GAIL ARRIGO, WAS EXPELLED FROM TAIWAN FOR ALLEGED COMPLICITY IN THE RIOT WHICH MAJ. GEN. HSU MEI-LIN, TAIWAN GARRISON COMMAND SPOKESMAN, SAID WAS A "WELL PLANNED, ORGANIZED AND PREMEDITATED ACT OF VIOLENCE."

THE FIRST REPORTS SAID MISS ARRIGO HAD GONE TO THE UNITED STATES BUT LATER SHE WAS REPORTED MAKING A STOPOVER IN TAIWAN EN ROUTE TO HONG KONG FROM TOKYO WHERE SHE WAS SAID TO HAVE CONTACTED TAIWAN INDEPENDENCE ADVOCATES.

NONPARTISAN LEGISLATOR HUANG HSIN-CHIEH, FORMOSA MAGAZINE PUBLISHER, WAS ARRESTED IN TAIPEI WITH APPROVAL OF THE LEGISLATIVE YUAN, AS REQUIRED BY LAW FOR THE ARREST OF A LEGISLATOR.

PAPERS POINTED OUT THAT 23 OR MORE PERSONS ARRESTED IN THE WEEK FOLLOWING THE RIOT INCLUDED TWO PROVINCIAL ASSEMBLYMEN, CHANG CHUN-HUNG, FORMOSA MAGAZINE CHIEF EDITOR, AND LIN I-HSIUNG, ONE OF THE MAGAZINE'S EXECUTIVES.

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ALL 12 OF THE MAGAZINE'S OFFICES THROUGHOUT THE ISLAND WERE CLOSED BY POLICE ORDER.

-- A CENTRAL NEWS AGENCY REPORT SAID 31 TAIWAN STUDENT GROUPS IN THE UNITED STATES ISSUED A JOINT STATEMENT URGING THAT PERSONS PARTICIPATING IN THE RIOT BE PUNISHED IN ACCORDANCE WITH LAW, AND SIMILAR DEMANDS FROM ALL WALKS OF LIFE WERE VOICED THROUGHOUT TAIWAN.

-- PAPERS SAID THAT HU SHU-KUANG, CCNAA WASHINGTON DEPUTY DIRECTOR, PROTESTED TO DAVID DEAN ABOUT INADEQUATE PROTECTION AFTER ATTACKS WERE MADE ON CCNAA OFFICES IN LOS ANGELES, WASHINGTON AND SEATTLE, REPORTEDLY BY TAIWAN INDEPENDENCE ADVOCATES.

LATER REPORTS SAID THAT DEAN HAD EXPRESSED REGRETS AND THAT SECURITY AT THE AFFECTED OFFICES WAS BEING STRENGTHENED BY 24-HOUR LOCAL POLICE PATROLS. POLICE NABBED SEVERAL SUSPECTS IN SEATTLE, IT WAS REPORTED.

-- CHIANG CHING-KUO TERMED TAIWAN INDEPENDENCE ADVOCATES "NO DIFFERENT FROM TRAITORS" DURING A CEREMONY IN WHICH Y. S. TSIANG, FORMER MINISTER OF FOREIGN AFFAIRS, WAS NAMED SECRETARY GENERAL OF THE KUOMINTANG CENTRAL COMMITTEE.

-- PAPERS SAID GOVERNOR LIN YANG-KANG TOLD RALPH CLOUGH IN TAICHUNG THAT AN INDEPENDENT TAIWAN WOULD RECEIVE NO INTERNATIONAL RECOGNITION AND WOULD BE ATTACKED BY THE PRC AS A "REBELLIOUS ENTITY."

IN AN EARLIER STORY CLOUGH, FORMER DEPUTY CHIEF OF MISSION IN TAIPEI, WAS QUOTED BY THE UNITED DAILY NEWS AS SAYING HE TALKED TO FORMOSA MAGAZINE EXECUTIVES IN KAOHSIUNG BEFORE THE RIOTS AND THAT HE UNDERSTOOD MOST NONPARTISANS FAVOR PEACEFUL POLITICAL RENOVATION, BUT UNCLASSIFIED

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WERE CONCERNED ABOUT ELECTIONS.

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ACTION AIT-02

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ICA-15 HA-05 TRSE-00 DOE-17 EB-08 NEA-07 SY-05
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-- GENERAL CHIANG WEGO TOLD A THREE-DAY SYMPOSIUM ON THE STRATEGIC SITUATION IN NORTHEAST ASIA THAT TAIWAN COULD WITHSTAND ANY ATTACK BY THE PRC AND THAT "NATIONAL RECOVERY" DEPENDS ON INSTIGATING THE MAINLAND PEOPLE TO REVOLT AGAINST THEIR RULERS.

-- THE CHINESE PETROLEUM CORPORATION SAID IT RECEIVED WORD OF A DOLS SIX PER BARREL PRICE HIKE IN CRUDE OIL SUPPLIED BY SAUDI ARABIA AND THE UNITED ARAB EMIRATES, RETROACTIVE TO NOVEMBER 1..

THE PRICE HIKE WILL COST CPC AN EXTRA DOLS 55 MILLION FOR NOVEMBER AND DECEMBER, THE ANNOUNCEMENT SAID. TAIPOWER SAID IT WILL HAVE TO INCREASE ELECTRICITY RATE CHARGES IF THE CHINESE PETROLEUM CORPORATION PASSES ON TO CONSUMERS THE DOLS SIX PER BARREL PRICE INCREASE.

CPC SAID THAT AS A CONSERVATION MEASURE IT WILL START RESTRICTING OIL SALES TO THE AVERAGE AMOUNT CONSUMED IN MARCH, APRIL AND MAY OF THIS YEAR.

-- ALL PAPERS CARRIED STORIES THAT TAIPOWER AND CHINA AIRLINES SIGNED CONTRACTS FOR LOANS OF DOLS 328 MILLION
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WITH TWO SYNDICATES OF AMERICAN, EUROPEAN AND ASIAN BANKS, LED BY CHASE MANHATTAN ASIA LTD.

TAIPOWER RECEIVED DOLS 200 MILLION FOR EXPANDING ELECTRICAL FACILITIES AND CAL DOLS 128 MILLION TO BUY TWO BOEING 747 JUMBO JETLINERS. THE LOANS ARE REPAYABLE IN 12 YEARS, REPORTS SAID.

CHINA STEEL CORPORATION SIGNED A CONTRACT WITH A SYNDICATE OF INTERNATIONAL BANKS LED BY THE MANUFACTURERS HANOVER TRUST COMPANY FOR A DOLS 100 MILLION LOAN WITH A TENURE OF EIGHT YEARS.

FINANCE MINISTER C. C. CHANG TERMED THE COMBINED LOANS THE LARGEST EVER MADE TO TAIWAN AND AN INDICATION OF TAIWAN'S RISING CREDIBILITY IN THE WORLD MONETARY MARKET.

-- A NT DOLS 209 BILLION GRAIN SILO FACILITY TAIWAN MCGRATH CORP. IS BUILDING AT KAOHSIUNG WILL BE COMPLETED IN 1980, REPORTS SAID. THE FACILITY, INCLUDING TWO SILOS, IS ONE OF THE LARGEST OF ITS KIND IN THE WORLD AND WILL STORE 110,000 TONS OF BULK GRAIN AND 9,000 TONS OF GRAIN IN BAGS.

BULK GRAIN FROM THE UNITED STATES WILL BE PACKED IN KAOHSIUNG FOR SHIPMENT TO SOUTHEAST ASIA AND MIDDLE EAST OUTLETS. OWNERSHIP IS TO BE TRANSFERRED TO THE TAIWAN GOVERNMENT IN 1985.

-- THE CENTRAL NEWS AGENCY SAID A SURVEY SHOWS 38,000 JAPANESE TOURISTS WILL VISIT TAIWAN DURING THE CHINESE NEW YEAR HOLIDAYS IN FEBRUARY. THE TOTAL INCLUDES MANY WHO CANCELED TRIPS TO KOREA BECAUSE OF SEOUL'S POLITICAL
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Date Printed: 03/25/1998

DOC_NUMBER: 79AITTA04898

CHANNEL: n/a

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PROBLEMS.

-- PAPERS NOTED THAT 24 CHINESE ARTISTS WHO STUDIED OR TRAVELED IN THE UNITED STATES HELD A FIVE-DAY EXHIBITION OF 50 WATERCOLORS AT THE AIT CULTURAL CENTER.

-- SHIH CHIEN HOME ECONOMICS COLLEGE IN TAIPEI SIGNED A SISTERHOOD AFFILIATION WITH PASADENA COLLEGE.

-- AMONG WEEKLY VISITORS: FRANK HAMILTON, NATIONAL COMMANDER, AMERICAN LEGION, C. B. NEWMAN, SPEAKER, MISSISSIPPI STATE HOUSE OF REPRESENTATIVES. CROSS

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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DODE-00 NSCE-00 SSO-00 SS-15 /057 W

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FM AIT TAIPEI

TO AIT WASHDC IMMEDIATE

INFO AMEMBASSY BEIJING

AMEMBASSY TOKYO

AMCONSUL HONG KONG

DEPARTMENT OF STATE

IM/IPS/CR/IR (1)

Date: 16 Apr 98

☒ RELEASE☒ DECLASSIFY☐ EXCISE☐ DECLASSIFY

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PA Exemptions

☐ DOWNGRADE TS to ☐ S or ☐ C

TAIPEI 04736

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CORRECTED COPY (TEXT PARA 3 LINES 1 AND 2)

E.O. 12065: GDS 12/13/85 (PRATT, MARK S.)

TAGS : PINT, TW, US

SUBJECT : TELEPHONE WARNINGS TO AIT--ALLEGATIONS OF U.S.
INVOLVEMENT IN KAOHSIUNG DISTURBANCE

REF: (A) TAIPEI 4710 ✓ (B) TAIPEI 4727 ✓

1. ENTIRE TEXT)

2. A NUMBER OF CHINESE HAVE TELEPHONED AIT OFFICES, BOTH IN TAIPEI AND KAOHSIUNG, ALLEGING US INVOLVEMENT IN THE KAOHSIUNG DISTURBANCE AND WARNING US TO STAY OUT OF THE CURRENT TROUBLES. THESE CALLERS HAVE ALL CITED FORMER US INVOLVEMENT IN VIETNAM AND/OR IRAN TO SUPPORT THEIR CLAIMS.

3. THE MOST POINTED CALL WAS TO THE KAOHSIUNG OFFICE EARLY THIS AFTERNOON. THE CHINESE CALLER ASKED WHETHER SHIH MING-TE, ONE OF THE OPPOSITIONISTS WHO AVOIDED ARREST THIS MORNING, WAS IN THE AIT/K OFFICE. THE CALLER WARNED "DON'T FORGET WHAT HAPPENED IN IRAN (PU-WANG I-LAN-TE SHIH-

PAGE 02 AIT TA 04736 131032Z

CH'ING).

4. AS NOTED REFTTEL, THERE HAVE BEEN ALLEGATIONS OF US INVOLVEMENT IN THE RIOTS WHICH AIT SPOKESMAN DENIED DEC. 12 STATING, "THERE IS NO SUBSTANCE TO THE RUMORS LINKING AIT WITH THE RECENT DISTURBANCE IN KAOHSIUNG." THIS DENIAL WAS PRINTED IN ALL MAJOR PAPERS. DECEMBER 13 "TZU LI WAN PAO," HOWEVER, HAS REPORTED THAT LINDA GAIL ARRIGO SHIH (REF B) "WIFE OF SHIH MING-TE WHO IS ONE OF THE MAJOR CONSPIRATORS

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IN THE KAOHSIUNG RIOT, " WENT TO AIT EARLY IN THE MORNING TO REQUEST "POLITICAL PROTECTION" (CHENG-CHIH PAO-HU).

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5. COMMENT. ALTHOUGH SOME OPPOSITIONISTS HAVE TELEPHONED AIT OVER THE PAST FEW DAYS, NO DOUBT TO ESTABLISH FOR "INSURANCE PURPOSES" SOME CONTACT WITH THE AMERICANS, WE ARE NOT AWARE THAT ANY HAVE PUBLICLY CLAIMED US INVOLVEMENT OR SUPPORT. THERE ARE MANY ON THE ISLAND WHO SEE THE US BEHIND ALMOST EVERYTHING--SUPPORT FOR OPPOSITIONISTS IN LAST YEAR'S ELECTIONS, THE ASSASSINATION OF PARK, ETC. SUCH ALLEGATIONS DIVERT ATTENTION AWAY FROM THE REAL ISSUES AND COULD LEAD TO SOME PROTESTS AGAINST AIT. WE ARE IN CONTACT WITH SECURITY FORCES AND BELIEVE PROBLEMS WILL BE ADEQUATELY HANDLED. CROSS

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*** Current Handling Restrictions *** n/a
*** Current Classification ***

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FOR AMBASSADOR/D

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TAGS: AMGT AL
SUBJECT: OFFICIAL - INFORMAL NO. 129

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HOTELS (SBU)

1. THE GOA HAS SETTLED ON THE HAY ADAMS HOTEL IN WASHINGTON. AS EUR/EX HAS DECLINED TO COVER THE COST OF THE HAY ADAMS OVER AND ABOVE THE GOVERNMENT RATE, WE WILL RESERVE A ROOM AT ONE OF THE HOTELS CITED IN YOUR O-I. 66.

CODEL SHELBY/HUTCHINSON (U)

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2. SEN. HAYE BAILEY HUTCHINSON'S OFFICE CALLED TO INQUIRE DISCREETLY WHETHER THE AMBASSADOR WOULD ESPECIALLY LIKE TO HOST SEN. HUTCHINSON AND MR. ELTON "RAY" HUTCHINSON AT THE RESIDENCE THE NIGHT OF 9/1. THE

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ate Printed: 10/18/1996

DOC NUMBER: 458447E:97649

CHANNEL: n/a

OFFICE SAID THAT THE QUERY WAS PROMPTED BY THE AMBASSADOR'S SISTER-IN-LAW BETSY, WHO ENCOURAGED THE SEN. TO STAY WITH THE AMBASSADOR. OF COURSE, HUTCHINSON IS ACCOMPANYING SEN. SHELBY. WE AGREED TO ASK WHETHER THE AMBASSADOR WOULD LIKE TO PUT UP ONE OR BOTH SENATORS AT THE RESIDENCE.

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CODEL GILMAN (SBU)

3. H REPORTS THAT REP. GILMAN'S TRAVEL PLANS ARE STILL INCOMPLETE AND HAS NO FINAL WORD FROM HIS STAFF ON HIS PLANS AFTER AUGUST 31. ACCORDING TO THE STAFFER HANDLING THE TRIP, GILMAN "MAY OR MAY NOT" GO TO ALBANIA AT SOME POINT ON SEPTEMBER 1 OR 2; NO DECISION HAS BEEN MADE. WE DO KNOW THAT HIS SCHEDULE IS FIRM UP TO THE EVENING OF AUGUST 31 WHEN HE ARRIVES IN ATHENS AFTER ATTENDING A CONFERENCE IN NICOSIA. HE PLANS NOW TO DEPART AROUND NOON ON SEPTEMBER 3 FROM ROME TO RETURN TO THE US. THE PERIOD IN BETWEEN IS UNCLEAR. H PUT THIS IN A FRONT CHANNEL CABLE WHICH POST MAY HAVE ALREADY SEEN. H THINKS WHAT IS GOING ON IS THAT THE PRIVATE SPONSOR OF THIS TRIP -- THE INT'L COMMITTEE FOR JUSTICE IN CYPRUS -- DOESN'T WANT TO PAY FOR GILMAN'S TRAVEL FROM 9/1-9/3 AND GILMAN IS TRYING TO FIND ANOTHER SPONSOR.)

SECURITY FOR BERISHA (U)

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4. RE YOUR O-I 66: THE ALBANIAN EMBASSY FORMALLY REQUESTED SECRET SERVICE PROTECTION FOR PRESIDENT AND MRS. BERISHA IN A DIP NOTE, AS REQUIRED. SS PREPARATIONS FOR THE TRIP ARE UNDERWAY. WE AND SS REQUESTED DILJA TO PROVIDE INFORMATION ON THE BODYGUARD WHO WILL ACCOMPANY BERISHA: NAME, DOB, AND WHAT WEAPON(S) AND AMMUNITION HE WILL CARRY. WE HAVE NOT HAD A RESPONSE FROM DILJA.

BOSNIA STRATEGY: PUBLIC DIPLOMACY (SBU)

5. THE NSC FAXED US THE FOLLOWING DOCUMENT DESIGNED FOR BRIEFING CONGRESS AND FOREIGN AMBASSADORS ON THE BOSNIA SETTLEMENT NEGOTIATIONS. IT WILL PROBABLY BE REVISED AND TRANSMITTED IN COMING DAYS AS AN ALDAC. WE ARE PROVIDING THE UNVARNISHED VERSION, INCLUDING TALKERS FOR CONGRESS, FOR USE AS POST DEEMS USEFUL AND APPROPRIATE. AMBASSADOR DILJA ATTENDED A BRIEFING ON THE SAME SUBJECT BY TONY LAKE.

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BEGIN TEXT OF NSC PAPER:

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- AS YOU KNOW, THE PRESIDENT ASKED TONY LAKE, PETER TARNOFF, AND SENIOR MILITARY OFFICIALS TO TRAVEL TO EUROPE LAST WEEK TO CONSULT WITH ALLIES AND THE RUSSIANS ON NEW OPPORTUNITIES FOR ACHIEVING A SETTLEMENT IN THE BALKANS. THE RESULTS OF THAT MISSION WERE VERY POSITIVE, INDICATING STRONG SUPPORT FOR OUR INITIATIVE.

- THE GOVERNMENTS WITH WHICH WE HAVE CONSULTED ALL AGREE THAT RECENT EVENTS IN CROATIA AND BOSNIA HAVE

[REDACTED]

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CHANGED THE STRATEGIC SITUATION ON THE GROUND. ALL
RECOGNIZE THAT THERE IS NOW AN UNPRECEDENTED OPPORTUNITY
FOR PEACE. THE POINT OF OUR CURRENT INITIATIVE IS TO
SEIZE THE OPPORTUNITY BEFORE IT SLIPS AWAY.

- BUILDING ON THE RESULTS OF LAKE'S TRIP, DICK HOLBROOKE WAS ASKED TO TRAVEL TO SARAJEVO, ZAGREB AND BELGRADE TO CONSULT WITH THE PARTIES TO THE CONFLICT. THOSE TALKS HAVE BEEN A USEFUL BEGINNING. NO STATE HAS REJECTED OUR APPROACH, BUT THERE ARE, OF COURSE, ISSUES THAT NEED TO BE RESOLVED.

- THE IDEAS FOR SETTLEMENT PRESIDENT CLINTON ASKED THE TRAVELLING TEAMS TO PUT FORTH INVOLVE LOOKING AT THE CONFLICT AS A WHOLE. WE MUST NO LONGER THINK IN TERMS OF PARTIAL SOLUTIONS OR MUDDLING THROUGH.

- OUR IDEAS REFLECT THE RESULTS OF A SERIOUS POLICY REVIEW INVOLVING ALL OF THE SENIOR-MOST OFFICIALS OF THE USG.

- WE DO NOT SEEK TO IMPOSE AN AMERICAN PLAN. RATHER, WE ARE EXERCISING AMERICAN LEADERSHIP BY ENGAGING WITH OUR ALLIES, THE RUSSIANS, AND THE PARTIES TO THE CONFLICT IN AN INTENSIVE DIPLOMATIC EFFORT TO REACH SETTLEMENT.

- WE DID NOT MEET WITH THE EUROPEANS, RUSSIANS OR EX-YUGOSLAV SIDES WITH A SINGLE MAP IN HAND. WE ARE NOT INSISTING ON ANY SIDE GIVING UP ANY PARTICULAR PIECE OF TERRITORY.

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- THAT SAID, WE BELIEVE THAT EACH PARTY WILL HAVE TO SHOW FLEXIBILITY IF A SETTLEMENT IS TO BE ACHIEVED. WE HAVE ALSO TOLD THE SIDES THAT UNDERTAKING MILITARY OPERATIONS WHILE DISCUSSIONS ON SETTLEMENT ARE UNDER WAY RISKS DELAYING OR PREVENTING THE PEACE. WE ARE ALL SEEKING.

- WE CONTINUE TO BE GUIDED BY SEVERAL ENDURING PRINCIPLES AND INTERESTS: MAINTAINING OUR RELATIONSHIPS WITH ALLIES, MAINTAINING THE CREDIBILITY OF NATO AND THE UN, AVOIDING CONFLICT WITH RUSSIA THAT COULD UNDERMINE REFORM AND INTERNATIONAL COOPERATION, AND PREVENTING THE ESCALATION OF THE BOSNIAN CONFLICT INTO A WIDER WAR THAT COULD DESTABILIZE SOUTHEASTERN EUROPE AND LEAD TO A GREATER HUMANITARIAN TRAGEDY.

- WE REMAIN COMMITTED TO CONTACT GROUP PRINCIPLES OF A SINGLE BOSNIAN STATE, EQUITABLE TERRITORIAL ARRANGEMENTS THAT DO NOT REWARD THE SERBS FOR ETHNIC CLEANSING, AND A CONSTITUTIONAL FRAMEWORK.

- WE HAVE MADE CLEAR THAT A SETTLEMENT FALLING SHORT OF THESE STANDARDS WOULD BE A DEFEAT FOR THE ALLIANCE AND THE WEST.

- WITH REGARD TO THE SPECIFIC ISSUES WE HAVE PUT FORTH FOR DISCUSSION WITH THE EUROPEANS, RUSSIANS, AND EX-YUGOSLAV SIDES, WE HAVE STRESSED SEVEN BASIC GOALS:

- 1) ANY SETTLEMENT SHOULD ADDRESS THE ENTIRE SITUATION, NOT JUST PIECEMEAL ASPECTS OF IT.

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- 2) THREE-WAY MUTUAL RECOGNITION AMONG CROATIA, SERBIA/MONTENEGRO, AND BOSNIA WILL EVENTUALLY BE NECESSARY.

- 3) THE CONTACT GROUP MAP NEEDS TO BE UPDATED TO

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TAKE INTO ACCOUNT THE RECENT SITUATION ON THE GROUND AND TO ACHIEVE MORE VIABLE BORDERS AND DEFENSIBLE DISTRIBUTION OF TERRITORY.

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- 4) THERE MUST BE AGREEMENT ON A LONGER-TERM CONSTITUTIONAL FRAMEWORK LINKING FEDERATION TERRITORY WITH THE BOSNIAN SERB ENTITY, AND SPELLING OUT EVENTUAL ARRANGEMENTS WITH CROATIA AND SERBIA.

- 5) IF THE ABOVE OBJECTIVES CAN BE ACHIEVED, WE ENVISION A BOLD APPROACH TO SANCTIONS RELIEF FOR THE "FRY".

- 6) THERE MUST BE LONG-TERM PLANNING FOR RESOLVING THE SITUATION IN EASTERN SLAVONIA.

- 7) FINALLY, THERE MUST BE COMPREHENSIVE INTERNATIONAL PROGRAM FOR REGIONAL ECONOMIC RECONSTRUCTION AND STABILITY.

- ON THIS LAST POINT, WE HAVE BEEN IN TOUCH WITH EU PRESIDENCY AND EU COMMISSION OFFICIALS TO COORDINATE IDEAS.

- WE HOPE THE IMF, IBRD AND EBRD WILL PROVIDE THE BULK

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OF FUNDING FOR RECONSTRUCTION. THE SPANIARDS, IN THEIR EU PRESIDENCY CAPACITY, HAVE AGREED TO ORGANIZE AN EU WORKING GROUP, WITH U.S. AND IFI REPRESENTATION, TO ASSESS NEEDS AND DEVELOP A RECONSTRUCTION PLAN.

- WE ALSO DISCUSSED POST-SETTLEMENT IMPLEMENTATION WITH OUR ALLIES AND THE EX-YUGOSLAV SIDES. ALL AGREED ON THE NEED FOR NATO TO UPDATE ITS PLANNING FOR IMPLEMENTATION, TAKING INTO ACCOUNT THE FACT THAT NATO'S EARLIER PROPOSALS NO LONGER REFLECT REALITIES ON THE GROUND OR THE KIND OF SETTLEMENT WE HAVE IN MIND.

- WITH REGARD TO SETTLEMENT IMPLEMENTATION, LET ME REAFFIRM THE PRESIDENT'S COMMITMENT TO CONTRIBUTING GROUND FORCES TO A NATO-LED OPERATION, AFTER CONGRESSIONAL CONSULTATION.

- WE HAVE ALSO SHARED IDEAS WITH THE EUROPEANS, RUSSIANS, AND EX-YUGOSLAV STATES ON WHAT THE UNITED STATES MIGHT DO IF A SETTLEMENT CANNOT BE REACHED. OUR

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ACTIONS WILL DEPEND TO A LARGE EXTENT ON THE FLEXIBILITY OF THE PARTIES IN SEEKING A REASONABLE SOLUTION TO THE CONFLICT.

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- AT A TIME WHEN REAL PROSPECTS FOR PEACE EXIST, THE PRESIDENT LAST WEEK VETOED THE DOLE BILL, WHICH CALLED FOR UNILATERALLY LIFTING THE ARMS EMBARGO.

- WE HAVE LONG ARGUED THAT UNILATERALLY LIFTING THE ARMS EMBARGO WOULD LEAD TO A NEW ESCALATION OF THE CONFLICT.

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- LIFTING THE EMBARGO UNILATERALLY WOULD FORCE THE U.S.

. TO TAKE RESPONSIBILITY FOR PROTECTING THE BOSNIANS BEFORE THEY WERE ABLE TO DEFEND THEMSELVES. WE WOULD ALSO BE OBLIGATED TO HELP NATO EXTRACT UNPROFOR UNDER HOSTILE CONDITIONS.

- UNILATERAL LIFT WOULD CAUSE MAJOR RIFTS WITH ALLIES AND POSSIBLE CONFRONTATION WITH RUSSIA.

- IT WOULD UNDERMINE SUPPORT FOR UN SANCTIONS AGAINST IRAN AND NORTH KOREA, WHICH CURRENTLY SUPPORT VITAL U.S. INTERESTS.

- (FOR MEMBERS OF CONGRESS) FOR ALL THESE REASONS WE HOPE WE CAN COUNT ON YOUR SUSTAINING THE PRESIDENT'S VETO OF THE DOLE BILL.

- (FOR MEMBERS OF CONGRESS) WE TRULY BELIEVE THERE ARE MORE EFFECTIVE WAYS TO DEMONSTRATE CONCERN FOR THE FATE OF THE BOSNIAN PEOPLE. SUPPORTING A RECONSTRUCTION EFFORT WOULD BE ONE OF THEM.

- (FOR MEMBERS OF CONGRESS) THE ADMINISTRATION IS STARTING TO PLAN FOR RECONSTRUCTION. WE WILL GET BACK TO YOU AS SOON AS WE CAN WITH INFORMATION ON WHAT WE THINK WILL BE NECESSARY AND HOW IT MIGHT BE FUNDED.

- FROM THE OUTSET, THE U.S. HAS CONSISTENTLY WORKED TO RELIEVE THE HUMAN SUFFERING IN BOSNIA, CONTAIN THE WAR, AND BRING ABOUT A PEACEFUL SETTLEMENT. SO FAR, OUR

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EFFORTS HAVE SAVED MANY LIVES, BROUGHT AN END TO THE
FIGHTING BETWEEN MUSLIMS AND GROATS THROUGH THE FORMATION
OF THE BOSNIA-CROAT FEDERATION, AND PREVENTED THE WAR
FROM SPREADING.

- AS I HAVE SAID, THE NEW SITUATION ON THE GROUND
PRESENTS US WITH IMPORTANT OPPORTUNITIES. BUT THERE ARE
ALSO RISKS: OF AN ESCALATION AND SPREADING OF THE WAR, OF
THE COLLAPSE OF THE UN OPERATION, AND OF THE DANGER THAT
THE UNITED STATES WOULD BE DRAWN MORE DEEPLY INTO THE
CONFLICT.

- (FOR MEMBERS OF CONGRESS) WE ASK THAT YOU CONSIDER
THESE RISKS, AND THE BENEFITS TO ALL OF A VIABLE PEACE
SETTLEMENT, WHEN DECIDING WHERE TO OFFER YOUR SUPPORT.

- BROADLY SPEAKING, CHANGES ON THE GROUND AND GENERAL
WAR WEARINESS HAVE CREATED NEW OPPORTUNITIES FOR A
DIPLOMATIC MOVEMENT ON ISSUES THAT HAVE BEEN DEADLOCKED
FOR YEARS. WE ARE DETERMINED TO FIND A PEACEFUL SOLUTION
TO THIS DEEP-ROOTED CONFLICT.

QUESTIONS AND ANSWERS

Q- IS LAKE PRESENTING A U.S. MAP/HAVE YOU CEDED GORADZE
TO SERBS?

-- WE ARE DISCUSSING A NUMBER OF IDEAS, INCLUDING SOME
NOTIONS ON TERRITORIAL ISSUES.

-- WE ARE NOT PRESENTING A U.S. MAP. WE ARE LOOKING

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AT POSSIBLE ADAPTATIONS OF THE CONTACT GROUP MAP.

Q- DID THE BOSNIANS REJECT OUR PLAN OUT OF HAND?

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-- NO.

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Q- MINI MARSHALL PLAN?

-- WE HAVE SAID A MAJOR RECONSTRUCTION EFFORT WOULD NEED TO FOLLOW ANY PEACE SETTLEMENT.

-- HOPE MANY GOVERNMENTS AND THE INTERNATIONAL FINANCIAL INSTITUTIONS WOULD BE PREPARED TO ASSIST IN THAT EFFORT.

Q- OFFER OF U.S. TROOPS?

-- WE HAVE ALWAYS SAID WE WOULD BE PREPARED TO WORK WITH NATO ALLIES TO HELP IMPLEMENT A PEACE SETTLEMENT UNDER PREVIOUSLY-SPECIFIED CONDITIONS.

Q-HAITI OR CYPRUS MODEL?

-- AVOID SUCH COMPARISONS.

-- ANY PLAN WOULD BE SPECIFIC TO THE NEEDS IN BALKANS.
[REDACTED]

[REDACTED]
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Q-HASN'T U.S. LEADERSHIP IN BOSNIA FAILED SO FAR? WHAT IS NEW ABOUT THE CURRENT INITIATIVES?

--AMERICAN DIPLOMACY HAS HAD SEVERAL NOTABLE SUCCESSES: CREATION OF THE FEDERATION AND ENDING THE FIGHTING IN CENTRAL BOSNIA; STABILIZING MACEDONIA; ENDING THE SIEGE OF SARAJEVO; AND CONTAINING THE CONFLICT.

--NEW ELEMENTS AIDING OUR CURRENT EFFORTS; RECENT DEVELOPMENTS ON THE GROUND, COUPLED WITH GENERAL WAR-WEARINESS, HAVE CREATED NEW OPPORTUNITIES TO BREAK LONGSTANDING DIPLOMATIC LOG JAMS.

Q-GIVE UP ON MULTI-ETHNIC BOSNIAN STATE?

--NO. LED THE WAY TO ESTABLISHMENT OF THE FEDERATION (COMBINED CROAT-MUSLIM ENTERPRISE) AS A MODEL FOR ETHNIC

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--CONTINUE TO SUPPORT MAINTAINING BOSNIA WITHIN INTERNATIONALLY-RECOGNIZED BORDERS WITH LINKS BETWEEN THE FEDERATION AND SERB ENTITY.

Q-CROATIANS ENGAGED IN ETHNIC CLEANSING?

--REFUGEE FLOW IS A HUMAN TRAGEDY AND WE ARE ACTIVELY SUPPORTING EFFORTS OF INTERNATIONAL RELIEF AGENCIES.

[REDACTED]

[REDACTED]

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--MOST SERBS FLED KRAJINA IN ADVANCE OF CROAT TROOPS.

--HAVE BEEN REPORTS OF ABUSES. WE STRONGLY CONDEMN ALL VIOLATIONS OF THE RIGHTS OF CIVILIANS, PRISONERS OF WAR AND INTERNATIONAL PERSONNEL.

--WE HAVE REPEATEDLY STRESSED TO THE CROATIAN GOVERNMENT ITS OBLIGATION TO RESPECT THESE RIGHTS; TO INVESTIGATE ALLEGATIONS OF HUMAN RIGHTS ABUSE, AND TO HOLD ACCOUNTABLE THOSE RESPONSIBLE.

--ALSO URGED GOVERNMENT OF CROATIA TO PROVIDE ASSURANCES TO ALL KRAJINA SERBS THAT THEY ARE WELCOME TO RETURN. RIGHTS WILL BE PROTECTED. IMPORTANCE OF ALLOWING INTERNATIONAL MONITORS (ICRC) ACCESS TO REFUGEES AND DISPLACED PERSONS. CROATIAN GOVERNMENT HAS AGREED.

--I DO NOT BELIEVE THAT THE CROATIAN GOVERNMENT'S ACTIONS IN THIS CASE AMOUNT TO A POLICY OF ETHNIC CLEANSING -- A DELIBERATE AND SYSTEMATIC STRATEGY OF FORCE AND INTIMIDATION TO DRIVE ALL MEMBERS OF AN ETHNIC GROUP FROM THEIR HOMES TO "PURIFY" THE AREA.

Q-SHATTUCK REPORT ON ATROCITIES

--ASSISTANT SECRETARY OF STATE JOHN SHATTUCK CONFIRMED REPORTS OF EGREGIOUS HUMAN RIGHTS VIOLATIONS COMMITTED BY BOSNIAN-SERB FORCES IN THE AFTERMATH OF THEIR ATTACK ON SREBRENICA AND ZEPA.

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--I HAVE ASKED AMBASSADOR ALBRIGHT TO PRESENT INFORMATION WE HAVE ON ATROCITIES TO THE U.S. SECURITY COUNCIL.

--AT OUR URGING, THE U.S. SECURITY COUNCIL IS EXPECTED TO ADOPT RESOLUTIONS CONDEMNING CRIMES ON ALL SIDES, HIGHLIGHTING BOSNIAN SERB ATROCITIES AGAINST REFUGEES FROM SREBRENICA AND ZEPA.

--THERE MUST BE JUSTICE, AND THOSE WHO HAVE VIOLATED INTERNATIONAL HUMANITARIAN LAW MUST BE HELD ACCOUNTABLE.

--WE WILL CONTINUE TO WORK WITH THE INTERNATIONAL WAR CRIMES TRIBUNAL FOR THE FORMER YUGOSLAVIA AND URGE THAT IT PROSECUTE THOSE SUSPECTED OF WAR CRIMES, CRIMES AGAINST HUMANITY AND GENOCIDE. SUCH CRIMINAL ACTIONS MUST NOT AND WILL NOT REMAIN UNPUNISHED.

Q-WHAT ABOUT KOSOVO?

--WE HAVE TOLD BELGRADE WE BELIEVE MAJOR RESETTLEMENT OF KRAJINA SERBS IN KOSOVO IS A POTENTIALLY PROVOCATIVE STEP.

--WE CONTINUE TO URGE THE SERBS TO RESPECT THE HUMAN AND CIVIL RIGHTS OF ETHNIC ALBANIANS IN KOSOVO. WE SUPPORT RESTORATION OF AUTONOMY FOR THE PROVINCE.

--BEFORE THE FRY CAN BE FULLY REINTEGRATED INTO THE INTERNATIONAL COMMUNITY, A SOLUTION FOR KOSOVO MUST BE

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FOUND.

Q-SECOND-LEVEL ETHNIC CLEANSING

--WE HAVE URGED SERB AUTHORITIES TO ENFORCE LAWS TO PREVENT EVICTION OF ETHNIC MINORITIES FROM THEIR HOMES IN

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THE AIM OF MAKING ROOM FOR SERBS FROM KRAJINA.

Q-WHAT ABOUT U.S. RELIEF FOR KRAJINA SERBS?

--WE SUPPORT EFFORTS OF THE INTERNATIONAL RELIEF
AGENCIES.

--LOOKING AT WAYS TO PROVIDE COMPREHENSIVE AND DIRECT
RELIEF.

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*** Current Classification ***

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PA Exemptions ☐ CLASSIFY as ☐ S or ☐ C Sec.
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FRIDAY 8/18/95 O-I NO. 116

1. (SBU) BRIEFING ON BOSNIA (FROM BILL). TONY LAKE GAVE A BRIEFING THIS AFTERNOON FOR SELECTED FOREIGN DIPLOMATS ON HIS AND HOLBROOKE'S EFFORTS TO ADVANCE THE PEACE PROCESS IN THE FORMER YUGOSLAVIA. THE BULGARIANS WERE REPRESENTED BY DCM PETKOV. AN ALDAC CABLE SHOULD GO OUT SOON CONTAINING THE MAIN POINTS OF THE BRIEFING AND SOME OF LAKE'S COMMENTS ON REACTIONS. FOLLOWING FOR YOUR INFORMATION IS AN AS-YET UNCLEARED VERSION OF THOSE

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POINTS (MINUS LAKE'S INPUT) FOR YOUR BACKGROUND UNTIL THE OFFICIAL VERSION REACHES YOU.

BEGIN TEXT

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CONGRESSIONAL AND PUBLIC DIPLOMACY POINTS ON BOSNIA STRATEGY

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- AS YOU KNOW, THE PRESIDENT ASKED TONY LAKE, PETER TARNOFF, AND SENIOR MILITARY OFFICIALS TO TRAVEL TO EUROPE LAST WEEK TO CONSULT WITH ALLIES AND THE RUSSIANS ON NEW OPPORTUNITIES FOR ACHIEVING A SETTLEMENT IN THE BALKANS. THE RESULTS OF THAT MISSION WERE VERY POSITIVE, INDICATING STRONG SUPPORT FOR OUR INITIATIVE.

- THE GOVERNMENTS WITH WHICH WE HAVE CONSULTED ALL AGREE THAT RECENT EVENTS IN CROATIA AND BOSNIA HAVE CHANGED THE STRATEGIC SITUATION ON THE GROUND. ALL RECOGNIZE THAT THERE IS NOW AN UNPRECEDENTED OPPORTUNITY FOR PEACE. THE POINT OF OUR CURRENT INITIATIVE IS TO SEIZE THE OPPORTUNITY BEFORE IT SLIPS AWAY.

- BUILDING ON THE RESULTS OF LAKE'S TRIP, DICK HOLBROOKE WAS ASKED TO TRAVEL TO SARAJEVO, ZAGREB AND BELGRADE TO CONSULT WITH THE PARTIES TO THE CONFLICT. THOSE TALKS HAVE BEEN A USEFUL BEGINNING. NO STATE HAS REJECTED OUR APPROACH, BUT THERE ARE, OF COURSE, ISSUES THAT NEED TO BE RESOLVED.

- THE IDEAS FOR SETTLEMENT PRESIDENT CLINTON ASKED THE TRAVELLING TEAMS TO PUT FORTH INVOLVE LOOKING AT THE

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CONFLICT AS A WHOLE. WE MUST NO LONGER THINK IN TERMS OF PARTIAL SOLUTIONS OR MUDDLING THROUGH.

- OUR IDEAS REFLECT THE RESULTS OF A SERIOUS POLICY REVIEW INVOLVING ALL OF THE SENIOR-MOST OFFICIALS OF THE USG.

- WE DO NOT SEEK TO IMPOSE AN AMERICAN PLAN. RATHER, WE ARE EXERCISING AMERICAN LEADERSHIP BY ENGAGING WITH OUR ALLIES, THE RUSSIANS, AND THE PARTIES TO THE CONFLICT IN AN INTENSIVE DIPLOMATIC EFFORT TO REACH SETTLEMENT.

- WE DID NOT MEET WITH THE EUROPEANS, RUSSIANS OR EX-YUGOSLAV SIDES WITH A SINGLE MAP IN HAND. WE ARE NOT INSISTING ON ANY SIDE GIVING UP ANY PARTICULAR PIECE OF TERRITORY.

- THAT SAID, WE BELIEVE THAT EACH PARTY WILL HAVE TO SHOW FLEXIBILITY IF A SETTLEMENT IS TO BE ACHIEVED. WE

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HAVE ALSO TOLD THE SIDES THAT UNDERTAKING MILITARY OPERATIONS WHILE DISCUSSIONS ON SETTLEMENT ARE UNDER WAY RISKS DELAYING OR PREVENTING THE PEACE WE ARE ALL SEEKING.

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- WE CONTINUE TO BE GUIDED BY SEVERAL ENDURING PRINCIPLES AND INTERESTS: MAINTAINING OUR RELATIONSHIPS WITH ALLIES, MAINTAINING THE CREDIBILITY OF NATO AND THE UN, AVOIDING CONFLICT WITH RUSSIA THAT COULD UNDERMINE REFORM AND INTERNATIONAL COOPERATION, AND PREVENTING THE ESCALATION OF THE BOSNIAN CONFLICT INTO A WIDER WAR THAT COULD DESTABILIZE SOUTHEASTERN EUROPE AND LEAD TO A

[REDACTED]

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GREATER HUMANITARIAN TRAGEDY.

- WE REMAIN COMMITTED TO CONTACT GROUP PRINCIPLES OF A SINGLE BOSNIAN STATE, EQUITABLE TERRITORIAL ARRANGEMENTS THAT DO NOT REWARD THE SERBS FOR ETHNIC CLEANSING, AND A CONSTITUTIONAL FRAMEWORK.

- WE HAVE MADE CLEAR THAT A SETTLEMENT FALLING SHORT OF THESE STANDARDS WOULD BE A DEFEAT FOR THE ALLIANCE AND THE WEST.

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- 5) IF THE ABOVE OBJECTIVES CAN BE ACHIEVED, WE ENVISION A BOLD APPROACH TO SANCTIONS RELIEF FOR THE "FRY".

- 6) THERE MUST BE LONG-TERM PLANNING FOR RESOLVING THE SITUATION IN EASTERN SLAVONIA.

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-- MOST SERBS FLED KRAJINA IN ADVANCE OF CROAT TROOPS.

-- THERE HAVE BEEN REPORTS OF ABUSES. WE STRONGLY
CONDEMN ALL VIOLATIONS OF THE RIGHTS OF CIVILIANS,
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-- WE WILL CONTINUE TO MONITOR THE SITUATION CLOSELY.

Q- SHATTUCK REPORT ON ATROCITIES

-- ASSISTANT SECRETARY OF STATE JOHN SHATTUCK CONFIRMED REPORTS OF EGREGIOUS HUMAN RIGHTS VIOLATIONS COMMITTED BY BOSNIAN-SERB FORCES IN THE AFTERMATH OF THEIR ATTACK ON SREBRENICA AND ZEPA.

-- I HAVE ASKED AMBASSADOR ALBRIGHT TO PRESENT INFORMATION WE HAVE ON ATROCITIES TO THE U.S. SECURITY COUNCIL.

-- AT OUR URGING, THE U.S. SECURITY COUNCIL IS EXPECTED

[REDACTED]

[REDACTED]

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TO ADOPT RESOLUTIONS CONDEMNING CRIMES ON ALL SIDES,
HIGHLIGHTING BOSNIAN SERB ATROCITIES AGAINST REFUGEES
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-- THERE MUST BE JUSTICE, AND THOSE WHO HAVE VIOLATED INTERNATIONAL HUMANITARIAN LAW MUST BE HELD ACCOUNTABLE.

-- WE WILL CONTINUE TO WORK WITH THE INTERNATIONAL WAR CRIMES TRIBUNAL FOR THE FORMER YUGOSLAVIA AND URGE THAT IT PROSECUTE THOSE SUSPECTED OF WAR CRIMES, CRIMES AGAINST HUMANITY AND GENOCIDE. SUCH CRIMINAL ACTIONS MUST NOT AND WILL NOT REMAIN UNPUNISHED.

Q- WHAT ABOUT KOSOVO?

-- WE HAVE TOLD BELGRADE WE BELIEVE MAJOR RESETTLEMENT OF KRAJINA SERBS IN KOSOVO IS A POTENTIALLY PROVOCATIVE STEP.

-- WE CONTINUE TO URGE THE SERBS TO RESPECT THE HUMAN

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AND CIVIL RIGHTS OF ETHNIC ALBANIANS IN KOSOVO. WE
SUPPORT RESTORATION OF AUTONOMY FOR THE PROVINCE.

-- BEFORE THE FRY CAN BE FULLY REINTEGRATED INTO THE
INTERNATIONAL COMMUNITY, A SOLUTION FOR KOSOVO MUST BE
FOUND.

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Q- SECOND-LEVEL ETHNIC CLEANSING

-- WE HAVE URGED SERB AUTHORITIES TO ENFORCE LAWS TO
PREVENT EVICTION OF ETHNIC MINORITIES FROM THEIR HOMES IN
[REDACTED]

[REDACTED]

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THE AIM OF MAKING ROOM FOR SERBS FROM KRAJINA.

Q- WHAT ABOUT U.S. RELIEF FOR KRAJINA SERBS?

-- WE SUPPORT EFFORTS OF THE INTERNATIONAL RELIEF
AGENCIES.

-- LOOKING AT WAYS TO PROVIDE COMPREHENSIVE AND DIRECT
RELIEF.

END TEXT

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DRAFTED BY: EUR/SCE: CRHILL
APPROVED BY: EUR/SCE: CRHILL
DESIRED DISTRIBUTION:
EUR/SCE - 3-----E4B212 182208Z /38
O 182204Z AUG 95
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FOR COM COMRAS

E.O. 12356: DECL: OADR
TAGS: OVIP MK
SUBJECT: OFFICIAL - INFORMAL NO. 124

FRIDAY 08/18/95 O-I NO. 124

BOSNIA STRATEGY: PUBLIC DIPLOMACY (C)

THE FOLLOWING WAS DRAFTED AT THE NSC 8/18 FOR BRIEFING
CONGRESS AND FOREIGN AMBASSADORS ON THE BOSNIA SETTLEMENT
NEGOTIATIONS. IT MAY BE REVISED AND TRANSMITTED IN
COMING DAYS AS AN ALDAC. WE ARE PROVIDING THE
UNVARNISHED VERSION, INCLUDING TALKERS FOR CONGRESS, FORDEPARTMENT OF STATE 9503718 Date: 2/17
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USE AS POST DEEMS USEFUL AND APPROPRIATE. LJUBICA
ACEVSKA ATTENDED A BRIEFING ON THE SAME SUBJECT BY TONY
LAKE AT THE NSC.

BEGIN TEXT OF NSC PAPER:

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- AS YOU KNOW, THE PRESIDENT ASKED TONY LAKE, PETER TARNOFF, AND SENIOR MILITARY OFFICIALS TO TRAVEL TO EUROPE LAST WEEK TO CONSULT WITH ALLIES AND THE RUSSIANS ON NEW OPPORTUNITIES FOR ACHIEVING A SETTLEMENT IN THE BALKANS. THE RESULTS OF THAT MISSION WERE VERY POSITIVE, INDICATING STRONG SUPPORT FOR OUR INITIATIVE.

- THE GOVERNMENTS WITH WHICH WE HAVE CONSULTED ALL AGREE THAT RECENT EVENTS IN CROATIA AND BOSNIA HAVE CHANGED THE STRATEGIC SITUATION ON THE GROUND. ALL RECOGNIZE THAT THERE IS NOW AN UNPRECEDENTED OPPORTUNITY FOR PEACE. THE POINT OF OUR CURRENT INITIATIVE IS TO SEIZE THE OPPORTUNITY BEFORE IT SLIPS AWAY.

- BUILDING ON THE RESULTS OF LAKE'S TRIP, DICK HOLBROOKE WAS ASKED TO TRAVEL TO SARAJEVO, ZAGREB AND BELGRADE TO CONSULT WITH THE PARTIES TO THE CONFLICT. THOSE TALKS HAVE BEEN A USEFUL BEGINNING. NO STATE HAS REJECTED OUR APPROACH, BUT THERE ARE, OF COURSE, ISSUES THAT NEED TO BE RESOLVED.

- THE IDEAS FOR SETTLEMENT PRESIDENT CLINTON ASKED THE TRAVELLING TEAMS TO PUT FORTH INVOLVE LOOKING AT THE CONFLICT AS A WHOLE. WE MUST NO LONGER THINK IN TERMS OF PARTIAL SOLUTIONS OR MUDDLING THROUGH.

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- OUR IDEAS REFLECT THE RESULTS OF A SERIOUS POLICY REVIEW INVOLVING ALL OF THE SENIOR-MOST OFFICIALS OF THE USG.

- WE DO NOT SEEK TO IMPOSE AN AMERICAN PLAN. RATHER, WE ARE EXERCISING AMERICAN LEADERSHIP BY ENGAGING WITH OUR ALLIES, THE RUSSIANS, AND THE PARTIES TO THE CONFLICT IN AN INTENSIVE DIPLOMATIC EFFORT TO REACH SETTLEMENT.

- WE DID NOT MEET WITH THE EUROPEANS, RUSSIANS OR EX-YUGOSLAV SIDES WITH A SINGLE MAP IN HAND. WE ARE NOT INSISTING ON ANY SIDE GIVING UP ANY PARTICULAR PIECE OF TERRITORY.

- THAT SAID, WE BELIEVE THAT EACH PARTY WILL HAVE TO SHOW FLEXIBILITY IF A SETTLEMENT IS TO BE ACHIEVED. WE HAVE ALSO TOLD THE SIDES THAT UNDERTAKING MILITARY OPERATIONS WHILE DISCUSSIONS ON SETTLEMENT ARE UNDER WAY

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RISKS DELAYING OR PREVENTING THE PEACE WE ARE ALL
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- WE CONTINUE TO BE GUIDED BY SEVERAL ENDURING PRINCIPLES AND INTERESTS: MAINTAINING OUR RELATIONSHIPS WITH ALLIES, MAINTAINING THE CREDIBILITY OF NATO AND THE UN, AVOIDING CONFLICT WITH RUSSIA THAT COULD UNDERMINE REFORM AND INTERNATIONAL COOPERATION, AND PREVENTING THE ESCALATION OF THE BOSNIAN CONFLICT INTO A WIDER WAR THAT COULD DESTABILIZE SOUTHEASTERN EUROPE AND LEAD TO A GREATER HUMANITARIAN TRAGEDY.

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- WE REMAIN COMMITTED TO CONTACT GROUP PRINCIPLES OF A SINGLE BOSNIAN STATE, EQUITABLE TERRITORIAL ARRANGEMENTS THAT DO NOT REWARD THE SERBS FOR ETHNIC CLEANSING, AND A CONSTITUTIONAL FRAMEWORK.

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- (FOR MEMBERS OF CONGRESS) FOR ALL THESE REASONS WE HOPE WE CAN COUNT ON YOUR SUSTAINING THE PRESIDENT'S VETO

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- (FOR MEMBERS OF CONGRESS) WE TRULY BELIEVE THERE ARE MORE EFFECTIVE WAYS TO DEMONSTRATE CONCERN FOR THE FATE OF THE BOSNIAN PEOPLE. SUPPORTING A RECONSTRUCTION EFFORT WOULD BE ONE OF THEM.
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Q-WHAT ABOUT KOSOVO?

--WE HAVE TOLD BELGRADE WE BELIEVE MAJOR RESETTLEMENT OF
KRAJINA SERBS IN KOSOVO IS A POTENTIALLY PROVOCATIVE
STEP.

--WE CONTINUE TO URGE THE SERBS TO RESPECT THE HUMAN AND
CIVIL RIGHTS OF ETHNIC ALBANIANS IN KOSOVO. WE SUPPORT
RESTORATION OF AUTONOMY FOR THE PROVINCE.

--BEFORE THE FRY CAN BE FULLY REINTEGRATED INTO THE
INTERNATIONAL COMMUNITY, A SOLUTION FOR KOSOVO MUST BE
FOUND.

Q-SECOND-LEVEL ETHNIC CLEANSING

--WE HAVE URGED SERB AUTHORITIES TO ENFORCE LAWS TO
PREVENT EVICTION OF ETHNIC MINORITIES FROM THEIR HOMES IN
THE AIM OF MAKING ROOM FOR SERBS FROM KRAJINA.

Q-WHAT ABOUT U.S. RELIEF FOR KRAJINA SERBS?

--WE SUPPORT EFFORTS OF THE INTERNATIONAL RELIEF
AGENCIES.

--LOOKING AT WAYS TO PROVIDE COMPREHENSIVE AND DIRECT

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RELIEF.

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*** Current Handling Restrictions *** n/a
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*** Current Classification ***
*** Current Handling Restrictions *** n/a

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DOC_NBR= 93USUNN02592

FILM= D930507-0222

DATE= 26 MAY 93

TYPE= TE

FROM= USUN NEW YORK

DRAFTER= n/a

OFFICE= ACTION IO

TO= STATE
BELGRADE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS=

ORIGPCCLASS= n/a

EO= OA

SUBJECT= CGYOOL: OIC CONTACT GROUP ON BOSNIA, - NON-ALIGNED CAUCUS, AND
NON-NON-ALIGNED - EXPRESS THEIR DOUBTS ABOUT THE JOINT ACT

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= CGYO01, SECURITY, COMMITTEE, NAM, OPPOSITION, PROGRAM

TAGS= PREL, BK, HR, GR, UNSC, UNGA, SR

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☐ DENY
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Date: 3/31/97
EO Citations

FOIA Exemptions: B1
PA Exemptions: () CLASSIFY as () S or () C Sec. TS authority to
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PAGE 01 USUN N 02592 01 OF 04 260143Z
ACTION IO-19

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SSO-00 SS-00 TRSE-00 T-00 USIE-00 SA-01 ASDS-01
FMP-00 RPE-01 CORE-00 /071W

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JOINT STAFF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
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SECDEF WASHDC IMMEDIATE
USNMR SHAPE BE PRIORITY
USMISSION USNATO PRIORITY
USMISSION GENEVA PRIORITY
USMISSION USVIENNA PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
UN SECURITY COUNCIL COLLECTIVE PRIORITY
HQ JTF PP NAPLES IT//POLAD//
USCINCLANT NORFOLK VA

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WHITE HOUSE PASS TO NSC: JCS FOR DIR, DIR J5,
CHAIRMAN, STOCKHOLM FOR CSCE DEL, USVIENNA FOR USDEL
CSCE; CINCLANT FOR POLAD, SHAPE FOR POLAD MINISTER
PENNER

E.O.12356: DECL:OADR
TAGS: PREL, UNSC, UNGA, BK, HR, SR, GR
SUBJECT: CGYOOL: OIC CONTACT GROUP ON BOSNIA,
-- NON-ALIGNED CAUCUS, AND NON-NON-ALIGNED

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- EXPRESS THEIR DOUBTS ABOUT THE JOINT ACTION
- PROGRAM

1. [REDACTED] ENTIRE TEXT.

2. SUMMARY: DURING A SERIES OF MEETINGS MORNING AND AFTERNOON OF MAY 25, THE OIC CONTACT GROUP ON BOSNIA, THE SECURITY COUNCIL'S NON-ALIGNED CAUCUS, AND TO A LESSER EXTENT THE COUNCIL'S NON-NON-ALIGNED MEMBERS SHARPLY CRITICIZED THE JOINT ACTION PROGRAM (JAP) AGREED TO IN WASHINGTON LAST WEEK. THE CAUCUS FINALLY AGREED TO "KEEP THE PLAN AS A BACKDROP" WHILE EVALUATING RESOLUTIONS ON THE WAR CRIMES TRIBUNAL, DEPLOYING MONITORS TO BOSNIA'S BORDERS, AND SAFE AREAS ON THEIR OWN MERITS. DESPITE OUR EFFORTS TO EXPLAIN THE ORIGIN AND GOALS OF THE JOINT ACTION PLAN, BOSNIAN PERMREP SACIRBEY, THE OIC AND THE FIVE MEMBERS OF THE NON-ALIGNED CAUCUS (THREE OF WHOM ARE ALSO MEMBERS OF THE OIC)

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END SUMMARY.

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PERM 4 PLUS SPAIN

3. THE PERM-4 PLUS SPAIN FIRST MET DURING THE MORNING OF MAY 25 TO AGREE ON A JOINT POSITION ON BOSNIA TO PRESENT TO THE OIC, NAM CAUCUS AND THE NON-NON ALIGNED MEMBERS OF THE SECURITY COUNCIL. THEY AGREED TO EMPHASIZE THAT THE JOINT ACTION PROGRAM WAS AN ATTEMPT TO AGREE ON INTERIM MEASURES THAT WOULD LEAD IN THE DIRECTION OF OUR ULTIMATE GOAL WHICH CONTINUED TO BE AN EQUITABLE AND LASTING SETTLEMENT. AMBASSADOR ALBRIGHT SUGGESTED, AND THE OTHERS AGREED, THAT SHE SHOULD TAKE THE LEAD.

4. UK PERMREP HANNAY SAID THAT THE QUESTION OF PARTICIPATION BY THE ISLAMIC COUNTRIES IN PEACEKEEPING OPERATION IN BOSNIA SHOULD NOT BE ALLOWED TO BECOME AN ISSUE. HE NOTED THAT THE PAKISTANI DELEGATION HAD SAID THAT THE SECRETARY GENERAL HAD RULED OUT SUCH PARTICIPATION. HANNAY SAID THAT HMG BELIEVED THAT THERE WAS "NO GENERAL TABOO" ON THE USE OF MUSLIM PEACEKEEPING TROOPS IN BOSNIA AND THEREFORE HAD NO OBJECTIONS TO

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DEPLOYING TROOPS FROM MODERATE ISLAMIC COUNTRIES WITH
PEACEKEEPING EXPERIENCE SUCH AS PAKISTAN, MALAYSIA, AND
EGYPT. THE FRENCH AND SPANISH PERMREPS AGREED. AND

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OIC CONTACT GROUP

5. THE PERM-4 PLUS SPAIN THEN ATTENDED A MEETING WITH
THE OIC CONTACT GROUP (TURKEY, IRAN, SENEGAL, EGYPT,
SAUDI ARABIA, AND MALAYSIA). PERMREPS FROM THE THREE
MUSLIM MEMBERS OF THE SECURITY COUNCIL (DJIBOUTI,
PAKISTAN, AND MOROCCO) SAT IN, AS DID THE OIC SECRETARY
GENERAL AND THE OIC PERMANENT OBSERVER IN NEW YORK.
AMBASSADOR ALBRIGHT LED OFF THE MEETING BY EXPLAINING
THAT THE JAP WAS A DESIGNED TO STOP THE KILLING IN
BOSNIA, STOP THE CONFLICT FROM SPREADING TO OTHER PARTS
OF THE FORMER SFRY, AND MAINTAIN PRESSURE ON THE FRY AND
THE BOSNIAN SERBS. THE JAP WAS THEREFORE NOT A FINAL
SOLUTION BUT RATHER AN IMPORTANT STEP TO MOVE THE
PROCESS FORWARD. IT PROVIDED FOR IMPLEMENTATION OF THE
VANCE/OWEN PLAN WHERE POSSIBLE AND SUPPORTED THE
VANCE/OWEN PROCESS.

6. AS PREVIOUSLY AGREED, ALBRIGHT TURNED TO FRENCH
PERMREP MERIMEE TO EXPLAIN THE PERM-4 PLUS SPAIN'S VIEW
OF SAFE AREAS. MERIMEE DENIED THAT THE JAP WOULD

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ACTION IO-19

INFO LOG-00 AF-01 AID-01 ARA-01 CA-02 CIAE-00 C-01
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FMP-00 RPE-01 CORE-00 /071W
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O 260111Z MAY 93
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC IMMEDIATE 6968
INFO AMEMBASSY BELGRADE IMMEDIATE
JOINT STAFF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
AMEMBASSY ATHENS IMMEDIATE
AMEMBASSY ZAGREB IMMEDIATE
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USMISSION GENEVA PRIORITY
USMISSION USVIENNA PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
UN SECURITY COUNCIL COLLECTIVE PRIORITY
HQ JTF PP NAPLES IT//POLAD//
USCINCLANT NORFOLK VA

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[REDACTED] SECTION 02 OF 04 USUN NEW YORK 002592

WHITE HOUSE PASS TO NSC: JCS FOR DIR, DIR J5,
CHAIRMAN, STOCKHOLM FOR CSCE DEL, USVIENNA FOR USDEL
CSCE; CINCLANT FOR POLAD, SHAPE FOR POLAD MINISTER
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E.O.12356: DECL:OADR
TAGS: PREL, UNSC, UNGA, BK, HR, SR, GR
SUBJECT: CGYOO: OIC CONTACT GROUP ON BOSNIA,
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- EXPRESS THEIR DOUBTS ABOUT THE JOINT ACTION
- PROGRAM

ESTABLISH SAFE AREAS THAT WOULD RESEMBLE "GHETTOS OR

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LITTLE GAZA STRIPS", OR THAT THE PERM-4 PLUS SPAIN SAW THE CREATION OF SUCH SAFE AREAS AS THE FINAL ACT IN THE BOSNIA DRAMA. RATHER, THE CREATION OF SAFE AREAS WAS A PROVISIONAL ATTEMPT TO PRESERVE WHAT REMAINED OF BOSNIAN TERRITORY. MERIMEE ARGUED THAT HOLDING ON TO SOME AMOUNT OF TERRITORY WAS A PREREQUISITE FOR BOSNIA'S SURVIVAL AS A STATE. IN THAT REGARD MERIMEE NOTED THAT PARAGRAPH 4 OF THE JOINT ACTION PROGRAM SPECIFIED THE ROLE THAT WOULD BE PLAYED BY THE PERM-4 PLUS SPAIN IN SECURING THE SAFE AREAS BUT LEFT OPEN THE POSSIBILITY OF CONTRIBUTIONS FROM OTHER STATES.

7. RUSSIAN PERMREP VORONTSOV ARGUED FOR IMMEDIATE PASSAGE OF THE RESOLUTIONS ESTABLISHING THE INTERNATIONAL WAR CRIMES TRIBUNAL AND DEPLOYING MONITORS TO BOSNIA'S BORDERS. REGARDING THE LATTER, VORONTSOV SAID THAT THE MONITORS SHOULD BE DEPLOYED TO BOSNIA'S

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BORDERS WITH BOTH CROATIA AND THE FRY IN ORDER TO ENSURE THAT NEITHER THE BOSNIAN SERBS NOR THE BOSNIAN CROATS RECEIVE MORE ARMS. UK PERMREP HANNAY EMPHASIZED THAT THE JAP WAS NOT A PEACE PLAN BUT RATHER A "SHORT TERM ACTION PROGRAM" THAT THE COUNCIL SHOULD MOVE AHEAD ON QUICKLY. HE ADDED THAT THE PERM-FOUR PLUS SPAIN WAS NOT ASKING FOR SUPPORT FOR THE JAP ITSELF, BUT RATHER FOR RESOLUTIONS ON SAFE AREAS, A WAR CRIMES TRIBUNAL AND DEPLOYMENT OF BORDER MONITORS. SPANISH PERMREP YANEZ AGREED THAT THE JAP WAS NOT A REPLACEMENT PEACE PLAN BUT RATHER A SET OF STEPS THAT CAN BE TAKEN IMMEDIATELY TO STOP THE KILLING. HE DENIED THAT THE PERM-4 PLUS SPAIN WERE ACCEPTING SERBIAN CONQUESTS IN BOSNIA AS A FAIT ACCOMPLI.

8. BOSNIAN PERMREP SACIRBEY RESPONDED THAT THE JAP DID NOT HAVE A TIME TABLE FOR IMPLEMENTING THE VANCE/OWEN PLAN NOR DID IT ADDRESS KEY ISSUES IN BOSNIA SUCH AS INTERNATIONAL CONTROL OF HEAVY WEAPONS. SACIRBEY BITTERLY CHARGED THAT THIS WAS THE FIRST OPPORTUNITY HE HAD TO DISCUSS THE JAP WITH ITS AUTHORS, SOMETHING HE SAID WAS INDICATIVE OF OUR "ATTITUDE". HE SAID THAT THE BOSNIAN GOVERNMENT INSISTED ON IMPLEMENTATION OF VANCE/OWEN DESPITE THE PLAN'S FLAWS, AS ANY ATTEMPT TO RENEGOTIATE IT WOULD ALLOW "THE AGGRESSORS", AS THE STRONGER PARTY, TO MAKE THE PLAN EVEN MORE UNJUST. THE LACK OF A TIME TABLE FOR IMPLEMENTING VANCE/OWEN, OR FOR AGREEING ON NEW MEASURES IF THE SERBS CONTINUE TO REJECT

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THE PLAN, MEANT THAT THE "TEMPORARY MEASURES" THE PERM-4 PLUS SPAIN WERE DISCUSSING COULD BECOME A NEW STATUS QUO. TURNING TO SAFE AREAS, SACIRBEY MADE THE FOLLOWING

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ADDITIONAL POINTS:

-- IT WOULD NOT BE ENOUGH TO FORCE THE SERBS' ARTILLERY TO MOVE BEYOND RANGE OF THE SAFE AREAS;

-- THE DISARMING OF BOSNIAN GOVERNMENT FORCES IN SREBRENICA AND ZEPA HAD ALLOWED THE SERBS TO MOVE THEIR HEAVY ARTILLERY TO OTHER THREATENED GOVERNMENT HELD TOWNS;

-- THE UNITED STATES HAD PROMISED TO USE AIR POWER TO PROTECT UNPROFOR TROOPS BUT NOT CIVILIANS IN THE SAFE AREA. UNLESS THE INHABITANTS OF THE SAFE AREAS WERE PROTECTED, THE CONCEPT WOULD HAVE LITTLE VALUE;

-- PARAGRAPH 1 OF THE JAP ON HUMANITARIAN ASSISTANCE DID NOT REFER TO THE POSSIBLE USE OF "ALL NECESSARY MEASURES" TO GET RELIEF THROUGH. DID THIS IMPLY THAT INTERNATIONAL RESOLVE WAS WEAKENING?;

-- THE INTERNATIONAL COMMUNITY SHOULD ALSO TAKE ACTION

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ACTION IO-19

INFO LOG-00 AF-01 AID-01 ARA-01 CA-02 CIAE-00 C-01

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O 260111Z MAY 93
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC IMMEDIATE 6969
INFO AMEMBASSY BELGRADE IMMEDIATE
JOINT STAFF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
AMEMBASSY ATHENS IMMEDIATE
AMEMBASSY ZAGREB IMMEDIATE
SECDEF WASHDC IMMEDIATE
USNMR SHAPE BE PRIORITY
USMISSION USNATO PRIORITY
USMISSION GENEVA PRIORITY
USMISSION USVIENNA PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
UN SECURITY COUNCIL COLLECTIVE PRIORITY
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USCINCLANT NORFOLK VA

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[REDACTED] SECTION 03 OF 04 USUN NEW YORK 002592

WHITE HOUSE PASS TO NSC: JCS FOR DIR, DIR JS,
CHAIRMAN, STOCKHOLM FOR CSCE DEL, USVIENNA FOR USDEL
CSCE; CINCLANT FOR POLAD, SHAPE FOR POLAD MINISTER
PENNER

E.O.12356: DECL:OADR
TAGS: PREL, UNSC, UNGA, BK, HR, SR, GR
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TO PROTECT THE NON-SERB POPULATION IN SERBIAN HELD TOWNS
SUCH AS BANJA LUKA. SACIRBEY ASSERTED THAT THE DANGER
OF ETHNIC CLEANSING THERE WAS AS GREAT AS IN THE TOWNS
TO BECOME SAFE AREAS.

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9. CONTINUING, SACIRBEY SAID THAT THE INTERNATIONAL COMMUNITY SHOULD SET A DEADLINE FOR THE SERBS TO IMPLEMENT VANCE/OWEN. IF THEY DO NOT COMPLY, THE ARMS EMBARGO ON THE BOSNIAN GOVERNMENT SHOULD BE LIFTED, AND "ALL NECESSARY MEASURES" SHOULD BE USED TO IMPLEMENT THE PEACE PLAN. HE DECRIED THE LACK OF INTERNATIONAL WILL TO CONFRONT THOSE WHO HAD REJECTED PEACE AND SAW "INTERIM MEASURES AS A SUBSTITUTE".

10. EGYPTIAN PERMREP ELARABY SAID THAT THE JAP DID NOT MENTION "BASIC PRINCIPLES" SUCH AS NON-RECOGNITION OF ACQUISITION OF TERRITORY BY FORCE. FURTHER, PARAGRAPH 7 MADE MUTUAL AGREEMENT A NECESSARY CONDITION FOR
[REDACTED]
[REDACTED]

PAGE 03 USUN N 02592 03 OF 04 260145Z
IMPLEMENTATION OF THE VANCE/OWEN PLAN THEREBY GIVING THE SERBS A VETO. ELARABY ADDED THAT THE JAP WAS "OPEN ENDED", DID NOT SET A DEADLINE FOR CONSIDERATION OF ADDITIONAL MEASURES, AND GAVE NO INDICATION OF WHERE THE INTERNATIONAL COMMUNITY WAS HEADED.

NON-NON-ALIGNED

11. LATER THAT AFTERNOON THE PERM-4 PLUS SPAIN MADE THE SAME POINTS TO THE NON-NON-ALIGNED (BRAZIL, HUNGARY, NEW ZEALAND, AND JAPAN). FOR THEIR PART, THE NON-NON-ALIGNED MADE MANY OF THE SAME POINTS AS THE OIC IN CRITICIZING THE JAP. THEY STRONGLY REJECTED THE ARGUMENT THAT THE PRESS HAD MISINTERPRETED THE JAP OR HAD MISLEAD THEM. RATHER, THEY CITED THE JAP'S LACK OF SPECIFICITY AS TO NEXT STEPS OR A TIME FRAME FOR IMPLEMENTATION OF VANCE/OWEN AS MAJOR FLAWS. SOME NOTED THAT THE JAP SEEMED TO MOVE AWAY FROM INSISTENCE THAT THE SERBS IMPLEMENT VANCE/OWEN AND HINTED AT A NEW, UNDEFINED, PEACE PLAN.

NAM CAUCUS

12. LATE IN THE AFTERNOON OF MAY 25 THE PERM-4 PLUS SPAIN WENT THROUGH THE SAME ROUTINE WITH THE COUNCIL'S NON-ALIGNED CAUCUS (CAPE VERDE, VENEZUELA, DJIBOUTI,
[REDACTED])

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PAGE 04 USUN N 02592 03 OF 04 260145Z
MOROCCO, AND PAKISTAN). AT THE CONCLUSION OF THE
PRESENTATION EXPLAINING THE JAP, PAKISTANI PERMREP
MARKER SAID THAT THE CAUCUS HAD DECIDED TO KEEP THE JAP
"AS A BACKDROP" WHILE CONSIDERING RESOLUTIONS ON THE WAR
CRIMES TRIBUNAL, DEPLOYMENT OF MONITORS, AND SAFE AREAS
ON THEIR OWN MERITS. MARKER MADE CLEAR THAT THE CAUCUS
WOULD DRAFT AMENDMENTS TO ALL THREE RESOLUTIONS IF
NECESSARY.

13. COMMENT: ✓

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ACTION IO-19

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SSO-00 SS-00 TRSE-00 T-00 USIE-00 SA-01 ASDS-01
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O 260111Z MAY 93
FM USMISSION USUN NEW YORK
TO SECSTATE WASHDC IMMEDIATE 6970
INFO AMEMBASSY BELGRADE IMMEDIATE
JOINT STAFF WASHDC IMMEDIATE
WHITEHOUSE WASHDC IMMEDIATE
AMEMBASSY ATHENS IMMEDIATE
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UN SECURITY COUNCIL COLLECTIVE PRIORITY
HQ JTF PP NAPLES IT//POLAD//
USCINCLANT NORFOLK VA

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[REDACTED] SECTION 04 OF 04 USUN NEW YORK 002592

WHITE HOUSE PASS TO NSC: JCS FOR DIR, DIR J5,
CHAIRMAN, STOCKHOLM FOR CSCE DEL, USVIENNA FOR USDEL
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E.O.12356: DECL:OADR
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-- EXPRESS THEIR DOUBTS ABOUT THE JOINT ACTION
-- PROGRAM

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END COMMENT.

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*** Current Handling Restrictions *** n/a

*** Current Classification ***

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EXCISE

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*** Current Classification ***
*** Current Handling Restrictions *** n/a

<<<**** OASYS DOCUMENT HEADER ****>>>

DOC_NBR= 93ISLAMA09069

FILM= D930687-0440

DATE= 14 JUL 93

TYPE= TE

FROM= ISLAMABAD

DRAFTER= n/a

OFFICE= ACTION IO

TO= STATE
USUN NEW YORK

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS=

ORIGPCCLASS= n/a

EO= RR REVIEW A/CDC

SUBJECT= OIC ADOPTS ACTION PLAN FOR BOSNIA

REFERENCE= 93 ISLAMABAD 8968, 93 ISLAMABAD 8595

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= PEACEKEEPING FORCES, HUMANITARIAN ASSISTANCE

TAGS= EAID, PREL, MOPS, IN, BK, PK, BZ, ISCON

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PAGE 01 ISLAMA 09069 01 OF 07 141116Z
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SA-01 RPE-01 CORE-00 SNIS-00 NISC-02 /053W
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INFO USMISSION USUN NEW YORK PRIORITY
AMEMBASSY BELGRADE
AMEMBASSY ZAGREB
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY MOSCOW
AMEMBASSY ROME
AMEMBASSY CAIRO
AMEMBASSY RIYADH
AMEMBASSY ANKARA
AMEMBASSY JAKARTA
AMEMBASSY DHAKA
AMEMBASSY DAKAR
AMEMBASSY KUALA LUMPUR
AMEMBASSY KAMPALA
AMEMBASSY TUNIS

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AMEMBASSY ALGIERS
AMEMBASSY RABAT

SECTION 01 OF 07 ISLAMABAD 09069

DEPT FOR IO, PM, EUR/EE, TFSR01, AND SA

E.O. 12356: DECL:N/A
TAGS: PREL, MOPS, PK, BZ
SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

UNCLASSIFIED

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REFS: (A) ISLAMABAD 8968; (B) ISLAMABAD 8595 (NOTAL)

1. **SUMMARY:** ON JULY 13, THE OIC ADOPTED AN "ACTION PLAN" FOR BOSNIA-HERCEGOVINA (THE FULL OFFICIAL TEXT OF THE PLAN IS SET FORTH IN PARA 10). THE PLAN FORESEES OFFERING THE UN A CONTRIBUTION OF OVER 20,000 PEACEKEEPING FORCES FROM SEVEN OIC STATES, WITH 10,000 TROOPS TO BE OFFERED BY IRAN. ADDITIONALLY, THE OIC PLANS TO WORK FOR AN IMMEDIATE CEASE-FIRE AND A RECONVENING OF AN INTERNATIONAL CONFERENCE AIMED AT ACHIEVING A POLITICAL SETTLEMENT. AN OIC MINISTERIAL MISSION CONSISTING OF THE OIC SECGEN AND THE FONMINS OF PAKISTAN, TURKEY AND SENEGAL PLANS TO VISIT PERM-5 CAPITALS AND "OTHER IMPORTANT STATES" TO SEEK SUPPORT FOR THE OIC APPROACH. OUR MFA CONTACTS INFORM US THAT NEGOTIATIONS HAVE ALREADY BEGUN BETWEEN THE OIC AND THE UN ABOUT LOGISTICAL AND MATERIAL SUPPORT FOR THE OIC CONTINGENTS. THE OIC WILL PUSH FOR ACTION ON BOTH THE INTERNATIONAL CONFERENCE AND THE DEPLOYMENT OF OIC TROOPS AS SOON AS POSSIBLE. THERE IS, HOWEVER, NO TARGET DATE FOR THE CONFERENCE. SIMILARLY, THE DEPLOYMENT OF PEACEKEEPERS

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WILL BE SUBJECT TO A NUMBER OF LOGISTICAL AND
ADMINISTRATIVE CONSTRAINTS. END SUMMARY.

OIC PEACEKEEPING FORCES

2. **THE CENTERPIECE OF THE OIC PLAN IS THE OFFER TO THE UN TO DISPATCH OVER 20,000 PEACEKEEPERS TO BOSNIA-HERCEGOVINA.** IN ADDITION TO EGYPTIAN AND JORDANIAN FORCES ALREADY IN PLACE IN BOSNIA, TROOPS FROM SEVEN OIC MEMBERS WOULD BE OFFERED. THE LARGEST CONTINGENT WAS OFFERED BY IRAN, WHICH AGREED TO SEND 10,000 TROOPS, COMPRISING ONE COMPLETE ARMY DIVISION BACKED BY MEDICAL AND ENGINEERING UNITS. PAKISTAN HAS REITERATED ITS OFFER OF A BRIGADE-SIZED MECHANIZED FORCE, WITH ABOUT 3,000 TROOPS. TURKEY HAS LIKEWISE OFFERED TO SEND ONE BRIGADE. MALAYSIA IS WILLING TO PROVIDE 1500 TROOPS, AS ARE BANGLADESH (1200), TUNISIA (1000) AND THE PALESTINE LIBERATION ORGANIZATION (1000). (COMMENT. THE HEAD OF THE TUNISIAN DELEGATION INFORMED US JULY 13 THAT, WHILE HE HAS AGREED "IN PRINCIPLE" TO PROVIDE TROOPS, AUTHORIZATION FROM TUNIS WILL BE REQUIRED. SIMILARLY THE HEAD OF THE INDONESIAN DELEGATION TOLD THE AMBASSADOR THAT HIS GOVERNMENT "WAS PREPARED TO CONSIDER SENDING FORCES", BUT THAT IT HAD MADE

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NO COMMITMENT. END COMMENT).

3. ON THE ISSUE OF COMMAND AND LOGISTICS, THE OIC PLAN CALLS FOR A UNIFIED COMMAND STRUCTURE WITH "DUE HIGH LEVEL REPRESENTATION" FROM OIC CONTRIBUTING STATES. THE OIC WILL ALSO SEEK AUTHORITY FOR UNPROFOR COMMANDERS TO MAKE DIRECT

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REQUESTS FOR NATO AIR SUPPORT. FINALLY, THE PLAN NOTES THAT THE OIC WILL SEEK TO "SECURE THE SUPPLY OF NECESSARY EQUIPMENT ESSENTIAL FOR THE PERFORMANCE" OF ITS MISSION IN BOSNIA. (COMMENT. THE PAKISTANIS HAVE ALREADY MADE KNOWN THEIR REQUEST FOR APCS AND OTHER VEHICLES, AND, IN ADDITION TO EXPLORING THE POSSIBILITIES FOR U.S. EQUIPMENT, HAVE REPORTEDLY BEEN IN TOUCH WITH THE GERMANS. THE EXTENT TO WHICH THE OTHER OIC CONTRIBUTING STATES WILL REQUEST EQUIPMENT IS NOT YET CLEAR.)

4. COMMENT. IT IS BY NO MEANS CERTAIN THAT ALL OF THE FORCES PLEDGED BY THE OIC WILL ULTIMATELY BE DEPLOYED IN BOSNIA. INDEED, IN REMARKS MADE TO JOURNALISTS AT THE CONCLUSION OF THE MEETING JULY 13, PAK FOREIGN SECRETARY

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TO SECSTATE WASHDC IMMEDIATE 8156
INFO USMISSION USUN NEW YORK PRIORITY
AMEMBASSY BELGRADE
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AMEMBASSY LONDON
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E.O. 12356: DECL:N/A
TAGS: PREL, MOPS, PK, BZ
SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

SHAHARYAR KHAN NOTED THAT THE UNSYG RESERVED THE RIGHT TO
REJECT OFFERS MADE BY ANY STATE, INCLUDING OIC MEMBER
STATES, THUS DAMPENING THE POSSIBILITY THAT IRANIAN AND PLO
FORCES WILL FIND THEIR WAY TO BOSNIA ANY TIME SOON, DESPITE
THE FORMAL OFFER OF IRAN TO SEND 10,000 TROOPS. END COMMENT.

RESUMPTION OF INTERNATIONAL CONFERENCE

5. (U) THE OIC PLAN CALLS FOR THE "URGENT RECONVENING" OF
THE LONDON CONFERENCE ON FORMER YUGOSLAVIA. THE CONFERENCE

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SHOULD BE TASKED WITH ARRANGING AN IMMEDIATE CEASE-FIRE AND CONSIDERING PROPOSALS AIMED AT ACHIEVING A POLITICAL SETTLEMENT. THE OIC SHOULD BE REPRESENTED AT THIS CONFERENCE, AT A MINIMUM BY THE MEMBERS OF THE OIC MINISTERIAL MISSION.

MINISTERIAL MISSION TO SEEK LIFTING OF ARMS EMBARGO

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6. (U) ACCORDING TO THE PLAN, THE OIC WILL REDOUBLE ITS EFFORTS TO URGE THE UNSC TO EXEMPT BOSNIA FROM THE ARMS EMBARGO IMPOSED BY UNSCR 713. THE OIC MINISTERIAL MISSION WILL RAISE THIS ISSUE IN ITS PLANNED ROUND OF CONSULTATIONS IN PERM-5 CAPITALS AND ELSEWHERE. THE MISSION WILL LIKEWISE KEY ON SECURING A CEASE-FIRE AND TRANSFORMING IT INTO A MORE PERMANENT "CESSATION OF HOSTILITIES." ANOTHER MAJOR TASK OF THE MISSION WILL BE TO SEEK TO GENERATE SUPPORT FOR RECONVENING THE INTERNATIONAL CONFERENCE AS SOON AS POSSIBLE.

MFA READOUT

7. (C) ON JULY 14, WE CALLED ON [REDACTED] FOR ADDITIONAL INFORMATION ON THE RESULTS OF THE OIC MEETING AND THE PARTICULARS OF THE ACTION PLAN. IN RESPONSE TO OUR QUERY, [REDACTED] CONFIRMED THAT THE TROOP LEVELS SET FORTH IN THE ACTION PLAN WERE CORRECT, WITH THE ADDITION THAT THE TURKS ARE PLANNING TO CONTRIBUTE SOME 3,000 TROOPS, FOR AN OVERALL OIC TOTAL OF ABOUT 20,000. [REDACTED] INDICATED THAT NEGOTIATIONS HAVE ALREADY BEGUN BETWEEN THE OIC AND THE UN ABOUT LOGISTICAL AND MATERIAL SUPPORT FOR THE OIC CONTINGENTS. A UN TEAM HAD ATTENDED THE ISLAMABAD MEETING AND HAD UNDERTAKEN TO RAISE OIC REQUESTS AND CONCERNS IN NEW YORK.

8. (C) ECHOING REMARKS MADE BY THE PAK FOREIGN SECRETARY,
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[] NOTED THAT THE UNSYG HAD NOT ISSUED INVITATIONS TO ALL OF THE OIC MEMBERS TO SEND TROOPS. HE AGREED THAT THE UNSYG WOULD HAVE THE FINAL DECISION OVER THE NUMBERS OF PEACEKEEPERS AND THE STATES FURNISHING THEM. THAT SAID, [] HOPED THAT THE UN WOULD AGREE TO ACCEPT TROOPS FROM ALL OIC MEMBERS THAT HAD MADE OFFERS. HE CONFIRMED THAT THE OIC WILL INSIST ON FULL INTEGRATION OF ITS FORCES INTO THE EXISTING UNPROFOR COMMAND AND DEPLOYMENT STRUCTURES, RATHER THAN CREATING ANY AUTONOMOUS "ISLAMIC ELEMENT" TO THE PEACEKEEPING FORCES.

9. (C) REGARDING THE TIME FRAME OF BOTH THE INTERNATIONAL CONFERENCE AND THE DEPLOYMENT OF OIC TROOPS, [] STATED THAT THE OIC WILL PUSH FOR ACTION AS SOON AS POSSIBLE. HE CONCEDED, HOWEVER, THAT THERE WAS AS YET NO FIRM TARGET DATE FOR THE CONFERENCE. LIKEWISE, THE DEPLOYMENT OF OIC

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AMEMBASSY RABAT

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E.O. 12356: DECL:N/A
TAGS: PREL, MOPS, PK, BZ
SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

PEACEKEEPING FORCES WILL BE SUBJECT TO A NUMBER OF
LOGISTICAL AND ADMINISTRATIVE CONSTRAINTS.

OIC ACTION PLAN

10. (U) FOLLOWING IS THE COMPLETE TEXT OF THE OIC ACTION
PLAN FOR BOSNIA ADOPTED BY THE EMERGENCY MEETING OF
MINISTERS JULY 13:

11. (U) BEGIN TEXT:

THE SITUATION IN THE REPUBLIC OF BOSNIA-HERZEGOVINA IS
DESPERATE. THIS INDEPENDENT AND SOVEREIGN MEMBER STATE OF
THE UNITED NATIONS HAS BEEN SUBJECTED TO BLATANT EXTERNAL
AGGRESSION AND GENOCIDE BY THE YUGOSLAV NATIONAL ARMY
SUPPORTED BY SERBIAN FORCES. THIS AGGRESSION HAS BEEN
COMPOUNDED BY THE RECENT ATTACKS BY CROAT EXTREMIST
ELEMENTS. THE SECURITY COUNCIL HAS FAILED TO FULFILL ITS

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RESPONSIBILITIES UNDER ARTICLE 24 OF THE UN CHARTER.

2. THE OIC COUNTRIES HOLD TO THE POSITION THAT THE SERBIAN AGGRESSION SHOULD BE HALTED; IT SHOULD BE REVERSED THROUGH WITHDRAWALS FROM ALL TERRITORIES OCCUPIED BY THE USE OF FORCE, GENOCIDE, "ETHNIC CLEANSING" OR BY ANY OTHER MEANS AND THAT THE SOVEREIGNTY, UNITY AND TERRITORIAL INTEGRITY OF BOSNIA-HERZEGOVINA SHOULD BE FULLY RESTORED.

3. CERTAIN MAJOR POWERS IN THE REGION, HAVE, BY THEIR ACTS OF OMISSION AND COMMISSION, ALLOWED THE AGGRESSION AGAINST BOSNIA-HERZEGOVINA TO CONTINUE UNABATED AND UNCHECKED FOR NEARLY 20 MONTHS INCLUDING PREVENTING THE SECURITY COUNCIL FROM ACTING DECISIVELY. THE ATTITUDE OF SOME OF THESE STATES TOWARDS THE NEGOTIATING PROCESS HAS MERELY SERVED AS A COVER FOR THE CONTINUATION OF THE AGGRESSION. THE UN SECURITY COUNCIL HAS BEEN PREVENTED FROM ENFORCING ITS DEMANDS AND DECISIONS AGAINST THE AGGRESSOR UNDER CHAPTER VII OF THE UN CHARTER.

4. THE UNJUST ARMS EMBARGO IMPOSED BY SECURITY COUNCIL RESOLUTION 713 HAS MOREOVER PREVENTED THE VICTIM OF THE AGGRESSION FROM EXERCISING ITS INHERENT RIGHT TO INDIVIDUAL AND COLLECTIVE SELF-DEFENCE UNDER ARTICLE 51 OF THE UN CHARTER. THE ARMS EMBARGO WAS IMPOSED AGAINST THE FORMER YUGOSLAVIA. BOSNIA-HERZEGOVINA DID NOT EXIST WHEN RESOLUTION 713 WAS ADOPTED.

5. AS A RESULT OF AGGRESSION, THE USE OF FORCE AND GENOCIDE, THE SERBIAN AGGRESSOR IS NOW IN POSSESSION OF 70 PER CENT OF BOSNIA-HERZEGOVINA WHILE CROAT FORCES OCCUPY 20

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PER CENT, WITH THE BOSNIAN GOVERNMENT LEFT IN CONTROL OF LESS THAN 10 PER CENT OF THE COUNTRY'S TERRITORY. THE PERPETRATORS OF THE AGGRESSION HAVE ADVANCED A PLAN FOR THE PARTITION OF BOSNIA-HERZEGOVINA WHICH WOULD LEGITIMIZE THE ACQUISITION OF TERRITORY THROUGH THE USE OF FORCE AND GENOCIDE. THIS PLAN CANNOT SERVE AS A BASIS FOR NEGOTIATIONS.

6. SERBIAN AGGRESSION WILL NOT END IN BOSNIA-HERZEGOVINA. ALREADY, THE REPRESSION OF MUSLIMS IN KOSOVO AND SANJAK HAS

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BEEN ESCALATED. CSCE OBSERVERS ARE BEING EXPELLED. THERE IS A GREAT TENSION IN MACEDONIA AND OTHER STATES NEIGHBORING SERBIA. THE ACCEPTANCE OF THE GAINS BY AGGRESSION WILL SERIOUSLY ERODE THE CREDIBILITY OF THE SECURITY COUNCIL IN UPHOLDING UNIVERSALLY THE PRINCIPLES OF THE UN CHARTER AND RESPECT FOR THE RULE OF LAW.

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DEPT FOR IO, PM, EUR/EE, TFSR01, AND SA

E.O. 12356: DECL:N/A

TAGS: PREL, MOPS, PK, BZ

SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

7. THE OIC MEMBER STATES BELIEVE THAT, EVEN AT THIS ELEVENTH HOUR, RESOLUTE ACTION CAN HELP TO SAVE THE REPUBLIC OF BOSNIA-HERZEGOVINA AND THE BOSNIA MUSLIMS. TO THIS END, THEY HAVE DECIDED TO TAKE THE FOLLOWING ACTIONS:

ONE, TO REQUEST THE SECURITY COUNCIL AND THE SECRETARY GENERAL OF THE UNITED NATIONS TO TAKE IMMEDIATE MEASURES TO RELIEVE THE GRAVE SITUATION PREVAILING IN SARAJEVO AND OTHER BOSNIAN TOWNS INCLUDING RESUMPTION OF WATER, ELECTRICITY, GAS, OIL AND OTHER AMENITIES; FURTHER REQUESTS THE SECURITY COUNCIL TO ENSURE THAT HUMANITARIAN CONVOYS ARE NOT IMPEDED FROM DELIVERING THE ESSENTIAL SUPPLIES, AND TO REQUEST THE SECRETARY GENERAL OF THE UNITED NATIONS TO ENSURE THE PROMPT DELIVERY OF THESE SUPPLIES TO THE BOSNIAN PEOPLE AND IN THIS CONTEXT, TO INSTRUCT UNPROFOR TO USE FORCE, IF NECESSARY, AS MANDATED UNDER THE EXISTING SECURITY COUNCIL RESOLUTIONS;

TWO, TO URGE THE UN SECURITY COUNCIL TO CONDEMN THE SERBO-CROATIAN MILITARY OFFENSIVE IN BOSNIA-HERZEGOVINA;
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THREE, TO CALL ON THE SECURITY COUNCIL TO DEMAND AN IMMEDIATE CEASEFIRE AND CESSATION OF HOSTILITIES IN BOSNIA-HERZEGOVINA WHICH IS A NECESSARY PREREQUISITE FOR THE SUCCESS OF NEGOTIATIONS FOR A JUST AND EQUITABLE POLITICAL SOLUTION OF THE CONFLICT IN BOSNIA-HERZEGOVINA.

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THE COUNCIL MUST AUTHORIZE THE UN FORCE IN BOSNIA TO HAVE RECOURSE TO THE USE OF FORCE, IF NECESSARY, TO IMPOSE SUCH A CEASEFIRE;

FOUR, TO MOVE THE UN SECURITY COUNCIL TO ADOPT A RESOLUTION SETTING OUT THE BASIC PRINCIPLES AND FRAMEWORK FOR A PEACE SETTLEMENT IN BOSNIA-HERZEGOVINA. THE INTERNATIONAL CONFERENCE MUST CONFORM WITH THESE PRINCIPLES WHICH INCLUDE THE FOLLOWING:


- THE IMMEDIATE AND COMPLETE CESSATION OF HOSTILITIES;
 - NON-RECOGNITION OF ACQUISITION OF TERRITORY BY USE OF FORCE AND IMMEDIATE AND UNCONDITIONAL VACATION OF TERRITORIES ACQUIRED BY USE OF FORCE AND ETHNIC CLEANSING;
 - THE REVERSAL OF THE CONSEQUENCES OF AGGRESSION AND ETHNIC CLEANSING;
 - RECOGNITION AND RESPECT FOR THE RIGHT OF ALL BOSNIAN REFUGEES TO RETURN TO THEIR HOMES IN SAFETY AND HONOR INCLUDING THEIR RIGHT TO RECEIVE COMPENSATION;
 - RESTORATION OF THE SOVEREIGNTY, TERRITORIAL INTEGRITY AND UNITY OF BOSNIA-HERZEGOVINA;
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- INDIVIDUAL RESPONSIBILITY FOR THE PERPETRATION OF CRIMES AGAINST HUMANITY;
- THE RIGHT OF THE GOVERNMENT OF BOSNIA-HERZEGOVINA TO SEEK AND RECEIVE REPARATIONS FOR THE WAR DAMAGES CAUSED BY THE AGGRESSOR.

FIVE, THE UN SECRETARY-GENERAL SHOULD URGENTLY DEPLOY THE UN PROTECTION FORCE TO PROVIDE ADEQUATE PROTECTION TO THE "SAFE AREAS" LISTED IN THE UN SECURITY COUNCIL RESOLUTION 834 -- BIHAC, GORADZE, SARAJEVO, SREBRENICA, TUZLA AND ZEPA;

SIX, PROPOSE TO THE UN SECURITY COUNCIL THAT THE LIST OF "SAFE AREAS" IN BOSNIA-HERZEGOVINA SHOULD BE ENLARGED TO INCLUDE MOSTAR, MAGLAJ, BRCKO, GRADACAC AND TRAVNIK;



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TAGS: PREL, MOPS, PK, BZ

SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

SEVEN, THE OIC MEMBER STATES WILL PROVIDE TROOPS, AS PART OF THE OVERALL INTERNATIONAL EFFORT, UNDER SECURITY COUNCIL RESOLUTION 836 (1993) TO THE UN PROTECTION FORCE. THE FOLLOWING OIC COUNTRIES HAVE MADE SPECIFIC OFFERS AND COMMITMENTS OF TROOPS FOR THE UNPROFOR;

- (A) BANGLADESH 1,220 PERSONNEL,
- (B) IRAN, A COMPLETE DIVISION UP TO 10,000 PERSONNEL (INCLUDING MEDICAL AND ENGINEERING UNITS),
- (C) MALAYSIA 1,500 PERSONNEL (ONE MECHANIZED REGIMENTAL GROUP),
- (D) PAKISTAN 3,000 PERSONNEL (INCLUDING TWO MECHANIZED UNITS),
- (E) PALESTINE 1,000 PERSONNEL (INCLUDING MEDICAL AND ENGINEERING UNITS),
- (F) TUNISIA 1,000 PERSONNEL (ONE BATTALION IN PRINCIPLE AGREEMENT)
- (G) TURKEY, UP TO A BRIGADE.

THE OIC COUNTRIES WOULD BE READY TO CONTRIBUTE ADDITIONAL

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TROOPS, IF REQUESTED BY THE UNITED NATIONS;

EIGHT, IN THE CONTEXT OF THE OFFERS AND COMMITMENTS OF CONTINGENTS BY OIC MEMBER STATES TO UNPROFOR, TO:

- (I) MAXIMIZE THE MANDATE GIVEN TO UNPROFOR UNDER OPERATIVE PARAGRAPH 5 OF RESOLUTION 836 (1992) IN ORDER TO PROTECT THE SAFE AREAS;
- (II) SEEK A UNIFIED COMMAND STRUCTURE, WITH DUE HIGH LEVEL REPRESENTATION FROM THE OIC TROOP CONTRIBUTING STATES, FOR ALL UNPROFOR TROOPS IN THE REPUBLIC OF BOSNIA-HERZEGOVINA SO AS TO ENSURE THAT CONTINGENTS FROM OIC MEMBER STATES, IN UNPROFOR WILL NOT BE EXPOSED TO GREATER RISK THAN OTHER NATIONAL CONTINGENTS IN TERMS OF DEPLOYMENT, EQUIPMENT, AIR COVER ETC.;

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(III) SEEK AUTHORITY FOR UNPROFOR COMMANDERS IN THE UN PROTECTED SAFE AREAS TO BE ABLE TO MAKE DIRECT REQUEST FOR AIR COVER FROM NATO AIRCRAFT IN THE EVENT OF ATTACKS ON SAFE AREAS AND/OR ANY ACTIVITY WHICH MAY INTERFERE WITH THE TASK OF PROTECTING THE SAFE AREAS;

(IV) SECURE THE SUPPLY OF NECESSARY EQUIPMENT ESSENTIAL FOR THE PERFORMANCE OF THE TASK ASSIGNED TO THE TROOPS FROM OIC COUNTRIES IN THE UNITED NATIONS SAFE AREAS;

(V) ENSURE THE MOVE AS EXPEDITIOUSLY AS POSSIBLE TO THE HEAVY OPTION.

NINE, ENTRUSTS THE OIC CONTACT GROUP IN NEW YORK TO

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IMMEDIATELY CONSULT THE UN SECRETARY GENERAL ON THE ABOVE FOR EXPEDITIOUS ACTION;

TEN, AUTHORIZES THE OIC CONTACT GROUP IN NEW YORK TO APPROACH THE MEMBER STATES OF THE UN TO MAKE GENEROUS CONTRIBUTIONS TO THE VOLUNTARY FUND ESTABLISHED BY THE UNITED NATIONS SECRETARY GENERAL TO FINANCE THE UNPROFOR OPERATIONS SO AS TO ENABLE THE UNITED NATIONS TO DEPLOY THE MAXIMUM NUMBER OF TROOPS TO FULFILL THE OBJECTIVES OF SECURITY COUNCIL RESOLUTIONS ON BOSNIA-HERZEGOVINA;

ELEVEN, CALLS FOR THE URGENT RECONVENING OF THE LONDON CONFERENCE ON FORMER YUGOSLAVIA TO CONSIDER PROPOSALS SUBMITTED BY THE GOVERNMENT OF BOSNIA-HERZEGOVINA FOR A POLITICAL SOLUTION TO THE CONFLICT BASED ON THE PRINCIPLES OF THE UN CHARTER AND THE LONDON CONFERENCE. THIS

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AMEMBASSY ANKARA
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AMEMBASSY DAKAR
AMEMBASSY KUALA LUMPUR
AMEMBASSY KAMPALA
AMEMBASSY TUNIS

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AMEMBASSY ALGIERS
AMEMBASSY RABAT

SECTION 06 OF 07 ISLAMABAD 09069

DEPT FOR IO, PM, EUR/EE, TFSR01, AND SA

E.O. 12356: DECL:N/A
TAGS: PREL, MOPS, PK, BZ
SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

CONFERENCE SHOULD BE THE SOLE FORUM FOR NEGOTIATIONS FOR A

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POLITICAL SETTLEMENT IN BOSNIA-HERZEGOVINA. SIMULTANEOUSLY, TO ENSURE THE SUCCESS OF THE NEGOTIATIONS A COMPLETE CEASEFIRE SHOULD BE INSTITUTED, AS DEMANDED BY THE UN SECURITY COUNCIL. THE PROCEEDINGS OF THIS CONFERENCE MUST BE FULLY TRANSPARENT. PARTICIPATION IN THIS CONFERENCE SHOULD INCLUDE ALL THE MEMBERS OF THE MINISTERIAL MISSION ESTABLISHED BY THE 21ST ISLAMIC CONFERENCE OF FOREIGN MINISTERS. IN THIS CONTEXT, THE ISLAMIC COUNTRIES EXPRESS THEIR COMPLETE REJECTION OF ANY PLAN WHICH IS IMPOSED ON THE GOVERNMENT OF BOSNIA-HERZEGOVINA AND WHICH ERODES THE UNITY, SOVEREIGNTY AND TERRITORIAL INTEGRITY OF THE REPUBLIC OF BOSNIA-HERZEGOVINA;

TWELVE, PROPOSE TO THE UNITED NATIONS SECURITY COUNCIL TO ENSURE THAT THE UNPROFOR ASSUMES SUPERVISION OF ALL HEAVY WEAPONS IN BOSNIA-HERZEGOVINA OUTSIDE THE CONTROL OF THE GOVERNMENT OF BOSNIA-HERZEGOVINA IN ACCORDANCE WITH THE RELEVANT SECURITY COUNCIL RESOLUTION, AND TO AUTHORIZE

[REDACTED]

[REDACTED]

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UNPROFOR TO INTERDICT ARMS SUPPLIES TO SERBIAN-CROATIAN FORCES OPERATING IN BOSNIA-HERZEGOVINA;

THIRTEEN, URGE THE SECURITY COUNCIL ONCE AGAIN TO EXEMPT THE GOVERNMENT OF BOSNIA-HERZEGOVINA FROM THE APPLICATION OF ITS RESOLUTION 713 (1991) IMPOSING AN ARMS EMBARGO AGAINST FORMER YUGOSLAVIA. THE OIC COUNTRIES WILL CONTINUE TO SEEK THE COOPERATION OF THESE COUNTRIES WHICH HAVE SUPPORTED THE LIFTING OF THE ARMS EMBARGO;

FOURTEEN, SEEK THE COOPERATION OF THE REPUBLIC OF CROATIA IN PUTTING AN END TO THE ONGOING AGGRESSION BY CROATIAN EXTREMIST ELEMENTS AGAINST THE REPUBLIC OF BOSNIA-HERZEGOVINA AS WELL AS ITS ASSISTANCE IN EFFORTS TO RESTORING THE SOVEREIGNTY AND TERRITORIAL INTEGRITY OF BOSNIA-HERZEGOVINA AND TO CONSIDER TAKING APPROPRIATE MEASURES IF THE REPUBLIC OF CROATIA FAILS TO DO DO;

FIFTEEN, ACTIVELY SEEK A HALT TO THE EXPULSION OF BOSNIAN REFUGEES BY CROATIA;

SIXTEEN, ACTIVATE THE WAR CRIMES TRIBUNAL SET UP BY THE UN TO COMMENCE CRIMINAL PROCEEDINGS AGAINST THOSE WHO ARE KNOWN TO BE RESPONSIBLE FOR PERPETRATING WAR CRIMES AND CRIMES AGAINST HUMANITY DURING THE CONFLICT IN BOSNIA-HERZEGOVINA;

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SEVENTEEN, SEEK THE ADOPTION OF A COMPREHENSIVE RESOLUTION
IN THE UN GENERAL ASSEMBLY ALONG THE LINES INDICATED IN
THIS ACTION PLAN;

[REDACTED]

[REDACTED]

PAGE 04 ISLAMA 09069 06 OF 07 141120Z
EIGHTEEN, CONTINUE TO PROVIDE TO THE GOVERNMENT OF
BOSNIA-HERZEGOVINA INCREASED FINANCIAL AND MATERIAL
ASSISTANCE TO ENABLE IT TO MEET THE GRAVE CHALLENGES IT IS
CONFRONTING;

NINETEEN, TO REQUEST THE MINISTERIAL MISSION, ENVISAGED IN
ITS RESOLUTION ON BOSNIA-HERZEGOVINA ADOPTED AT THE 21ST
ICFM, TO PROCEED IMMEDIATELY AFTER THIS MEETING TO THE
CAPITALS OF THE PERMANENT MEMBERS OF THE SECURITY COUNCIL
AS WELL AS TO NEW YORK, GENEVA, BRUSSELS, BONN, TOKYO,
BRASILIA, VATICAN, BUDAPEST AND ZAGREB TO PROMOTE
IMPLEMENTATION OF THE ABOVE-MENTIONED MEASURES IN THIS
ACTION PLAN IN PARTICULAR;

(A) THE LIFTING OF THE ARMS EMBARGO AGAINST THE GOVERNMENT
OF BOSNIA-HERZEGOVINA;

[REDACTED]

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[REDACTED]

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ACTION IO-19

INFO LOG-00 AF-01 AID-01 CIAE-00 C-01 OASY-00 DODE-00
DOBE-00 EAP-01 EUR-01 FDRE-01 HA-09 H-01 INM-02
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AMEMBASSY ALGIERS

AMEMBASSY RABAT

[REDACTED] SECTION 07 OF 07 ISLAMABAD 09069

DEPT FOR IO, PM, EUR/EE, TFSR01, AND SA

E.O. 12356: DECL:N/A

TAGS: PREL, MOPS, PK, BZ

SUBJECT: OIC ADOPTS ACTION PLAN FOR BOSNIA

(B) SECURE THE CEASEFIRE AND CESSATION OF HOSTILITIES AND
THE ADOPTION OF SECURITY COUNCIL RESOLUTION FOR THIS PURPOSE;

[REDACTED] THE CONVENING OF THE RESTRUCTURED LONDON CONFERENCE AS
SOON AS POSSIBLE AS THE SOLE FORUM FOR NEGOTIATIONS FOR
POLITICAL SETTLEMENT IN BOSNIA-HERZEGOVINA; AND

TWENTY, THE OIC CONTACT GROUP WILL PREPARE A CONFIDENTIAL
ANALYSIS OF THE ROLE OF VARIOUS COUNTRIES, INCLUDING THE
MEMBERS OF THE SECURITY COUNCIL, IN THE CONFLICT IN
BOSNIA-HERZEGOVINA AND CIRCULATE THIS TO ALL OIC MEMBER

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STATES ALONG WITH ITS RECOMMENDATIONS FOR FURTHER ACTION.

END TEXT.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** [REDACTED]

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ACTION NEA-01

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INFO GCC COLLECTIVE IMMEDIATE
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SECTION 01 OF 02 DOHA 002064

STATE FOR NEA/ARP AND EUR
LONDON FOR TUELLER
PARIS FOR ALLEGRONE

E.O. 12356: DECL: OADR
TAGS: PREL, QA, BK
SUBJECT: VISIT OF BOSNIAN PRIME MINISTER TO QATAR

1. SUMMARY: BOSNIAN PRIME MINISTER DR. HARIS
SILAJDZIC PAID A TWO-DAY VISIT TO QATAR SEPTEMBER
11-12. HE AND HIS DELEGATION, CONSISTING OF FOREIGN

PAGE 02 DOHA 02064 01 OF 02 131026Z
MINISTER DR. ERFAN LJUBIJANKVIC, ENERGY MINISTER
ISMAIL BEGOVIC, AND BOSNIAN AMBASSADOR TO KUWAIT,
NAEEM GADIC, WERE ACCORDED A WARM OFFICIAL WELCOME.
REMARKS BY SILAJDZIC HIGHLIGHTED BOSNIA'S
APPRECIATION FOR QATAR'S CONTINUED SUPPORT AND
REITERATED BOSNIA'S CALL FOR LIFTING OF THE U.N.
EMBARGO AGAINST ARMS DELIVERIES TO BOSNIA. END
SUMMARY.

2. BOSNIAN PRIME MINISTER DR. HARIS SILAJDZIC, PAID
A TWO-DAY OFFICIAL VISIT TO QATAR, SEPTEMBER 11-12.

DEPARTMENT OF STATE
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PRESS COVERAGE OF THE VISIT WAS BROAD AND DETAILS OF SILAJDZIC'S MEETING WITH QATAR'S ACTING AMIR, SHAYKH HAMAD BIN KHALIFA AL-THANI, WERE MADE PUBLIC. THE DEPUTY AMIR REPORTEDLY CONFIRMED QATAR'S SUPPORT FOR MUSLIMS IN BOSNIA-HERZEGOVINA AND ITS CONDEMNATION OF SERBIAN MASSACRES AND AGGRESSION AGAINST BOSNIANS. THE DEPUTY AMIR ALSO URGED THE U.N. AND THE INTERNATIONAL COMMUNITY TO TAKE IMMEDIATE ACTION TO PROTECT BOSNIAN MUSLIMS AGAINST SERB AGGRESSION AND TO LIFT THE ARMS EMBARGO ON BOSNIANS TO HELP THEM EXERCISE THE RIGHT OF DEFENDING THEMSELVES, THEIR LAND, AND SOVEREIGNTY.

3. (U) SILAJDZIC EXPRESSED APPRECIATION FOR QATAR'S SUPPORT FOR BOSNIA AT REGIONAL AND INTERNATIONAL FORUMS, EMPHASIZING THAT QATAR'S POSITION EMANATED FROM THE SPIRIT OF ISLAM WHICH LINKS THE TWO COUNTRIES. VIEWS WERE EXCHANGED DURING THE MEETING ON ISLAMIC AND INTERNATIONAL EFFORTS, ESPECIALLY RECOMMENDATIONS OF THE RECENT MUSLIM FOREIGN

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MINISTERS' CONFERENCE IN ISLAMABAD, WHICH CALLED FOR LIFTING THE ARMS EMBARGO ON BOSNIAN MUSLIMS. THE DISCUSSIONS ALSO CENTERED ON BILATERAL RELATIONS BETWEEN THE TWO COUNTRIES. JOINING THE DEPUTY AMIR WERE QATAR'S MINISTER OF ENDOWMENTS AND ISLAMIC AFFAIRS, SHAYKH ABDULLAH BIN KHALID AL-THANI, THE DIRECTOR OF THE OFFICE OF THE DEPUTY AMIR AND HEIR APPARENT, SHAYKH MOHAMED BIN KHALID AL-THANI, AND MFA UNDER SECRETARY, AHMED BIN ABDULLAH AL-MAHMOUD. THE BOSNIAN DELEGATION INCLUDED FOREIGN MINISTER DR. ERFAN LJUBJANKVIC, ENERGY MINISTER, ISMAIL BEGOVIC, AND THE BOSNIAN AMBASSADOR IN KUWAIT, NAEEM GADIC.

4. (U) IN AN INTERVIEW WITH THE DIRECTOR OF QATAR NEWS AGENCY DURING THE VISIT SILAJDZIC SAID QATAR'S SUPPORT TO BOSNIA-HERZEGOVINA AT INTERNATIONAL FORUMS EMANATED FROM ISLAMIC BONDS BETWEEN THE TWO COUNTRIES. HE SAID HE DISCUSSED WITH THE DEPUTY AMIR AND HEIR APPARENT A NUMBER OF POLITICAL MATTERS, PARTICULARLY THE SITUATION IN BOSNIA AND ISSUES OF CONCERN TO MUSLIMS. SILAJDZIC SAID THE SERBIAN AGGRESSION ON BOSNIAN MUSLIMS CLAIMED 200,000 LIVES AND INJURED 100,000 PEOPLE. IT ALSO DISPLACED MORE THAN 2 MILLION MUSLIMS. HE SAID THE SERBIANS WERE STILL CONTINUING ETHNIC CLEANSING

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POLICIES AND THAT INDIFFERENT POSITIONS BY SOME WESTERN COUNTRIES WERE NOT JUST REGRETTABLE, BUT WOULD FURTHER COMPLICATE THE SITUATION AND ENCOURAGE SERBS TO CONTINUE THEIR AGGRESSIVE DESIGNS.

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5. (U) SILAJDZIC SAID HIS COUNTRY HAD AGREED TO

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ALL PEACE INITIATIVES AND HONORED ITS AGREEMENTS, ALTHOUGH THESE AGREEMENTS FAILED TO SATISFY MANY RIGHTS FOR BOSNIA. HE SAID SERBS REJECTED ALL INTERNATIONAL INITIATIVES FOR PEACE AND USED THE TIME FACTOR FOR MORE AGGRESSIVE GAINS, THROUGH KILLINGS AND DESTRUCTION. HE CRITICISED THE CALL FROM SOME COUNTRIES TO EASE SANCTIONS AGAINST SERBIA AND EXPRESSED SURPRISE AT ATTEMPTS TO REWARD SERBIANS WHILE IMPOSING AN ARMS EMBARGO ON BOSNIAN MUSLIMS WHO WERE VICTIMS OF DAILY AGGRESSIONS.

6. (U) SILAJDZIC SAID FUTURE GENERATIONS WOULD ASK WHY

THE INTERNATIONAL COMMUNITY, PARTICULARLY SOME EUROPEAN NATIONS, WERE SO INDIFFERENT TOWARD SERBIAN AGGRESSION ON BOSNIAN MUSLIMS. HE SAID SERBS WERE AIMING AT UPROOTING BOSNIAN MUSLIMS AND THEIR CIVILIZATION IN EUROPE, STRESSING THAT DESPITE SERB CRIMES, BOSNIAN MUSLIMS WERE COMMITTED TO TRUE ISLAMIC BEHAVIOR AND REFRAINED FROM TERRORIST ACTS OR KILLINGS.

7. (U) SILADJZIC GAVE BOSNIA CREDIT FOR CREATING, IN

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ACTION NEA-01

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AMEMBASSY PARIS

SECTION 02 OF 02 DOHA 002064

STATE FOR NEA/ARP AND EUR
LONDON FOR TUELLER
PARIS FOR ALLEGRONE

E.O. 12356: DECL: OADR
TAGS: PREL, QA, BK
SUBJECT: VISIT OF BOSNIAN PRIME MINISTER TO QATAR

A VERY SHORT TIME, AN EFFECTIVE ARMY, BUT SAID HIS
COUNTRY WAS IN NEED OF WEAPONS TO ENABLE IT TO
COUNTER SERBIAN AGGRESSION. HE CALLED FOR LIFTING

PAGE 02 DOHA 02064 02 OF 02 131026Z
THE ARMS EMBARGO, SAYING IT WAS ILLEGAL AND INHUMAN
AND DEPRIVED MUSLIMS OF THEIR SELF-DEFENSE RIGHT.
HE PRAISED THE U.S. FOR SUPPORTING LIFTING THE
EMBARGO ON THE BOSNIAN MUSLIMS, SAYING THERE WAS A
GOOD OPPORTUNITY FOR THE U.S. PRESIDENT TO CORRECT
AN HISTORIC MISTAKE MADE BY THE SECURITY COUNCIL.
SILAJDZIC ALSO PRAISED MEMBERS OF THE GCC, AUSTRIA,
TURKEY, IRAN, AND MALAYSIA, AND OTHER ARAB STATES,
FOR THEIR SUPPORT OF THE BOSNIAN CAUSE.

8. COMMENT: SILADJIC, WHO IS FLUENT IN
ARABIC, WAS IMPRESSIVE IN HIS CONTACTS WITH HIS
QATARI HOSTS. THE PURPOSE OF THE VISIT WAS
PREDICTABLE. HE THANKED QATAR FOR ITS UNYIELDING

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SUPPORT FOR BOSNIA (THE BOSNIAN STRUGGLE IS A DAILY
FEATURE IN QATAR'S MEDIA AND QATAR HAS LAUNCHED
NUMEROUS CHARITY DRIVES ON BEHALF OF BOSNIANS),
SOUGHT QATAR'S ASSISTANCE IN ENCOURAGING THE U.N.'S
LIFTING OF AN ARMS EMBARGO AGAINST BOSNIA, AND
EXPRESSED HOPE FOR VIGOR IN ECONOMIC TIES BETWEEN
THE TWO STATES, PARTICULARLY IN THE ENERGY FIELD.
END COMMENT.


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*** Current Handling Restrictions *** n/a

*** Current Classification *** 



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ERRORS= n/a

CONCEPTS= n/a

TAGS= OPRC, XF

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AMCONSUL ADANA

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INFORM CONSULS-PASS PAOS-MILITARY ALSO FOR POLAD

E.O. 12356: N/A
TAGS: OPRC, XF
SUBJECT: NEA PRESS GUIDANCE - 07/24/95

WHITE HOUSE SITUATION ROOM PLEASE PASS TO E. LAIPSON AND
D. SATTERFIELD,
LONDON FOR M. TUELLER, PARIS FOR K. ALLEGRONE,
WARSAW PASS PPP BAGHDAD

THE FOLLOWING ADDITIONAL GUIDANCE FROM 7/24 15 PROVIDED
FOR POST'S INFORMATION:

STATEMENT: U.S. GOVERNMENT HUMANITARIAN RESPONSE TO THE
SREBRENICA AND ZEPA CRISES
SOUTH AFRICA: STORAGE OF IRANIAN OIL
BOSNIA-HERZEGOVINA BALKAN POLICY POINTS
BOSNIA-HERZEGOVINA DETAILS OF AIR THREAT
BOSNIA-HERZEGOVINA SITUATION UPDATE

BOSNIA-HERZEGOVINA REPORTS OF ATROCITIES
BOSNIA-HERZEGOVINA FEAR OF ISLAMIC INVOLVEMENT?
ISRAEL: DETENTION OF U.S. CITIZENS

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STATEMENT: U.S. GOVERNMENT HUMANITARIAN RESPONSE TO THE
SREBRENICA AND ZEPA CRISES

THE UNITED STATES GOVERNMENT IS RESPONDING TO THE URGENT HUMANITARIAN NEEDS OF THE DISPLACED PEOPLE FROM SREBRENICA AND ZEPA.

IN FY 1995 TO DATE, THE UNITED STATES GOVERNMENT HAS PROVIDED OVER \$138 MILLION IN HUMANITARIAN RELIEF THROUGH DOZENS OF ORGANIZATIONS, RANGING FROM THE LARGE MULTILATERAL INSTITUTIONS SUCH AS THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (UNHCR), THE WORLD FOOD PROGRAM (WFP), AND THE INTERNATIONAL COMMITTEE OF THE RED CROSS (ICRC), TO THE NON-GOVERNMENTAL ORGANIZATIONS (NGOS). THIS HAS ENABLED THESE ORGANIZATIONS TO MEET THE INCREASED NEEDS GENERATED BY THE CRISES IN SREBRENICA AND ZEPA. USAID'S OFFICE OF FOOD FOR PEACE HAS CONTRIBUTED 126,400 METRIC TONS OF FOOD, VALUED AT \$58 MILLION, TO THE REGION THIS FISCAL YEAR.

USAID'S OFFICE OF U.S. FOREIGN DISASTER ASSISTANCE (OFDA) HAS OBLIGATED \$31.7 MILLION TO FUND 40 ON-GOING AND NEW HUMANITARIAN RELIEF PROGRAMS BY U.S. AND INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS WORKING IN BOSNIA. THIS INCLUDES 7.5 MILLION DOLLARS' WORTH OF GRANTS PUT INTO PLACE SINCE JULY 11 TO ASSIST DIRECTLY THE PEOPLE DISPLACED FROM SREBRENICA, AND NOW FROM ZEPA AS WELL. THESE INCLUDE GRANTS TO:

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– THE INTERNATIONAL RESCUE COMMITTEE (IRC) IN THE AMOUNT OF \$1.7 MILLION TO PROVIDE CLOTHING, SHELTER MATERIALS, HYGIENE AND BEDDING SUPPLIES;

– FEED THE CHILDREN WHICH IS PROVIDING SUPPLEMENTAL FOOD AND HYGIENIC ITEMS TO INFANTS, CHILDREN, AND PREGNANT AND LACTATING MOTHERS;

– THE INTERNATIONAL MERCY CORPS WHICH HAS ALREADY VACCINATED 580 DISPLACED CHILDREN FROM SREBRENICA THROUGH ITS OFDA-FUNDED EMERGENCY VACCINATION PROGRAM IN TUZLA AND ZENICA.

AN ADDITIONAL \$250,000 IN RAPID RESPONSE FUNDS HAS BEEN MADE AVAILABLE TO PROVIDE IMMEDIATE ASSISTANCE TO THE DISPLACED THROUGH:

- THE CATHOLIC RELIEF SERVICES FOR ANTIBIOTICS FOR THE MEDICAL CLINIC IN TUZLA;
- FEED THE CHILDREN FOR READY-TO-EAT BABY MEALS, POWDERED MILK, AND DETERGENT;
- PREMIERE URGENCE FOR FRESH FOODS;
- THE WORLD HEALTH ORGANIZATION FOR HEALTH MONITORING.

OFDA HAS MOVED 66,000 HUMANITARIAN DAILY RATIONS (HDRS) INTO TUZLA AND IS PROVIDING 30,000 HYGIENE KITS, 10,000
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WATER JUGS, 20,000 BLANKETS, AND 300 ROLLS OF PLASTIC SHEETING FROM ITS STOCKPILES IN THE REGION.

ASSISTANT SECRETARY FOR POPULATION, REFUGEES, AND MIGRATION PHYLLIS OAKLEY VISITED TUZLA ON JULY 17 TO PERSONALLY ASSESS THE SITUATION. MRS. OAKLEY WAS WITH THE SECRETARY OF STATE IN LONDON ON FRIDAY TO TAKE PART IN THE DISCUSSIONS ON BOSNIA.

THE UNITED STATES HAS CONTRIBUTED ALMOST ONE BILLION DOLLARS IN HUMANITARIAN ASSISTANCE TO THE FORMER YUGOSLAVIA SINCE THE CONFLICT BEGAN IN 1991.

SOUTH AFRICA: STORAGE OF IRANIAN OIL

Q: WHAT CAN YOU TELL US ABOUT REPORTS THAT SOUTH AFRICA INTENDS TO STORE OIL FOR IRAN?

A: ACCORDING TO SOUTH AFRICA'S CENTRAL ENERGY FUND, IRAN AND SOUTH AFRICA HAVE AGREED TO STORE 15 MILLION BARRELS OF IRANIAN OIL IN TWO TANKS AT SALDANHA BAY ON SOUTH AFRICA'S WEST COAST. THE FIRST OIL DELIVERY IS EXPECTED IN AUGUST. THE OIL REPORTEDLY WILL BE SOLD TO SOUTH

AMERICA AND EUROPE, WITH SOUTH AFRICA RECEIVING A
PERCENTAGE OF THE SALES.

Q: IS THIS A VIOLATION OF THE U.S. OIL EMBARGO ON IRAN?

A: ONLY U.S. CITIZENS AND RESIDENTS ARE PROHIBITED FROM
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TRADING WITH OR INVESTING IN IRAN. HOWEVER, WE HAVE URGED
OUR TRADING PARTNERS, INCLUDING SOUTH AFRICA, TO TAKE
SIMILAR ACTION. WE SPECIFICALLY ASKED THEM NOT TO FILL
THE VOID RESULTING FROM U.S. FIRMS' DEPARTURE FROM THE
IRANIAN MARKET. WE BELIEVE IT IS INAPPROPRIATE TO PROVIDE
TEHRAN WITH ADDITIONAL FINANCIAL RESOURCES WHILE THE
GOVERNMENT SUPPORTS TERRORISM AND PURSUES WEAPONS OF MASS
DESTRUCTION.

Q: WILL SOUTH AFRICA'S INCREASED COOPERATION WITH IRAN
CAUSE IT TO LOSE U.S. AID?

A: NO. HOWEVER, WE ARE DISAPPOINTED THAT SOUTH AFRICA
INTENDS TO INCREASE ITS COOPERATION WITH IRAN, AND HOPE
THAT THE SOUTH AFRICANS WILL RECONSIDER.

BOSNIA-HERZEGOVINA BALKAN POLICY POINTS

-- LAST FRIDAY, THE ALLIES ISSUED A STRONG WARNING TO THE
BOSNIAN SERBS. THE INTERNATIONAL COMMUNITY WILL NOT
TOLERATE THEIR CONTINUED DEFIANCE OF UN MANDATES AND
RESOLUTIONS. ANY ATTACK ON GORAZDE (GOR-AHZ-DAY) WILL BE
MET BY STRONG AND DECISIVE AIR POWER.

-- WE ALSO AGREED IN LONDON THAT THE RRF WILL TAKE ACTION
TO OPEN AND SECURE HUMANITARIAN ACCESS ROUTES. WE
STRONGLY SUPPORT THE REINFORCEMENT THAT IS NOW UNDERWAY IN
SARAJEVO AND ON MT. IGMAN.

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-- ALTHOUGH THE LONDON AGREEMENTS FOCUSED ON GORAZDE AS THE AREA OF MOST IMMINENT CONCERN, THEY ALSO AGREED ON THE NEED TO FULFILL THE UNITED NATIONS' COMMITMENTS TO THE OTHER SAFE AREAS. THESE PROCEDURES COULD BE PROMPTLY APPLIED TO THOSE OTHER AREAS AND WE STAND READY TO TAKE THE STEPS TO DO SO IF NECESSARY.

-- WE REMAIN DEEPLY CONCERNED ABOUT THE CITIZENS OF ZEPA WHO CONTINUE TO RESIST A HEAVY SERB ASSAULT. THE SERBS MUST RESPECT THE RIGHTS OF NONCOMBATANTS ACCORDING TO INTERNATIONAL LAW.

BOSNIA-HERZEGOVINA DETAILS OF AIR THREAT

Q: WHAT IS THE TRIGGER FOR AIRSTRIKES? HAS NATO FINALIZED PLANS?

A: AS SECRETARY CHRISTOPHER SAID ON FRIDAY, AN ATTACK AGAINST GORAZDE WILL BE MET BY SUBSTANTIAL AND DECISIVE AIR POWER. ANY AIR CAMPAIGN WOULD INCLUDE SIGNIFICANT ATTACKS ON SIGNIFICANT TARGETS.

-- NATO AUTHORITIES MET THROUGHOUT THE WEEKEND AND HAVE BEEN IN SESSION TODAY. THIS AND OTHER ISSUES ARE BEING DISCUSSED BY THE NAC.

Q: HAS THE UN CIVILIAN COMMAND BEEN EXCLUDED FROM THE DUAL KEY?

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A: COMMAND AND CONTROL AGREEMENTS FOR THE USE OF NATO AIRPOWER, THE SO-CALLED DUAL KEY, ARE BEING ADJUSTED TO

ENSURE THAT THE RESPONSE TO ANY ATTACK ON GORAZDE IS
SUBSTANTIAL AND DECISIVE.

-- THE MILITARY COMMITTEE MET TODAY; THERE WILL BE
ADDITIONAL DISCUSSIONS TOMORROW.

BOSNIA-HERZEGOVINA SITUATION UPDATE

Q: STATUS OF ZEPA?

A: FIGHTING CONTINUED IN THE EASTERN ENCLAVE OF ZEPA.
THE BOSNIAN SERBS CONTINUED TO SHELL THE TOWN, HOME TO
17,000 BOSNIANS. THE TOWN'S DEFENDERS HAVE HELD OUT FOR
OVER A WEEK UNDER HEAVY ASSAULT.

Q: WHAT IS THE OBJECTIVE OF THE RRF'S ACTIVITIES AROUND
SARAJEVO?

A: UNITS OF THE RAPID REACTION FORCE TOOK UP POSITIONS
TODAY ON MOUNT IGMAN, WHICH OVERLOOKS A MAJOR CONVOY ROUTE
INTO SARAJEVO.

-- TWO BRITISH BATTERIES TOTALLING 320 MEN BEGAN DIGGING
GUN EMPLACEMENTS TODAY. THEY WILL BE JOINED BY 500 FRENCH
ARTILLERY AND INFANTRY UNITS LATER TODAY.

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-- THE RRF'S MISSION IS TO PROTECT UN PERSONNEL IN

SARAJEVO AND TO DEFEND UN CONVOYS ATTEMPTING TO DELIVER
HUMANITARIAN AID TO THE CITY.

Q: FIGHTING IN SARAJEVO?

A: ON SATURDAY, SERB TROOPS FIRED ON A UN CONVOY
ATTEMPTING TO USE THE MOUNT IGMAN ROAD. TWO FRENCH
PEACEKEEPERS WERE KILLED AND FOUR OTHER PEACEKEEPERS WERE
WOUNDED IN THE ATTACK. THE FRENCH RESPONDED WITH A MORTAR

ASSAULT ON SERB POSITIONS.

— IN SARAJEVO ON SUNDAY, 8 CIVILIANS WERE KILLED AND 35 WOUNDED IN SERB SHELLING OF THE CITY. THE BOSNIAN SERBS REPORTED THAT A GOVERNMENT ATTACK ON SERB-HELD AREA WOUNDED 11.

Q: DID A FRENCH AIRCRAFT BOMB PALE ON SUNDAY?

A: A FRENCH NEWSPAPER REPORTED ON SUNDAY THAT PRESIDENT CHIRAC ORDERED AN ATTACK BY A FRENCH AIRCRAFT ON PALE IN REPRISAL FOR THE KILLING OF FRENCH PEACEKEEPERS ON SATURDAY.

-- THE FRENCH GOVERNMENT HAS DENIED THE PAPER'S REPORT. ALTHOUGH WE CANNOT CONFIRM WHETHER THERE WAS AN AIR ATTACK ON PALE, THERE WAS NO NATO ASSAULT THIS WEEKEND.

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Q: FIGHTING IN BIHAC?

— THE JOINT OFFENSIVE OF CROATIAN SERBS AND REBEL MUSLIM FORCES CONTINUED IN BIHAC (BEE-HACH) THIS WEEKEND. THE UN HAS REPORTED THAT SERB TROOPS ARE CONTINUING THEIR OFFENSIVE ON THE AREA, AND HAVE MADE SIGNIFICANT ADVANCES ON ALL FRONTS.

— THE SERBS HAVE REPORTEDLY OVERRUN 20 SQUARE MILES OF TERRITORY AND CAUSED MORE THAN 2,000 BOSNIANS TO FLEE THEIR HOMES. THE BOSNIAN ARMY 5TH CORPS, WHICH IS DEFENDING THE ENCLAVE, IS BEGINNING TO RUN SHORT ON AMMUNITION, ACCORDING TO THE UN.

— WE ARE DEEPLY DISTURBED BY THE CROATIAN SERB OFFENSIVE INTO BOSNIA, WHICH HAS THE POTENTIAL TO GREATLY ESCALATE THE CONFLICT BY DRAWING CROATIA INTO THE WAR. THE UN REPORTS THAT 1,000 CROATIAN TROOPS HAVE ALREADY BEEN

DEPLOYED NEAR THE BORDER OF SERB-HELD CROATIA.

Q: HAVE WE WARNED THE GOVERNMENT OF CROATIA NOT TO ENTER THE FIGHTING IN BIHAC?

A: THE ANSWER IS FOR THE BOSNIAN SERBS TO STOP FIGHTING; THE WAR SHOULD BE CONTAINED, NOT WIDENED.

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BOSNIA-HERZEGOVINA REPORTS OF ATROCITIES

Q: UPDATE ON REPORTS OF ATROCITIES?

A: THE DUTCH PEACEKEEPERS HAVE RETURNED TO SAFETY IN THE NETHERLANDS AND HAVE REPORTED TO THEIR GOVERNMENT FIRSTHAND ACCOUNT OF SERB ATROCITIES AFTER THE FALL OF SREBRENICA (SREH-BREH-NEET-SAH).

— THE UN ENVOY FOR HUMAN RIGHTS SAID THIS MORNING THAT REPORTS GATHERED BY UNHCR ALSO ESTABLISH THAT THE BOSNIAN SERB ARMY ENGAGED IN "BARBARIC ACTS" OF RAPE AND MURDER AGAINST THE BOSNIANS OF SREBRENICA.

— WE REITERATE OUR COMMITMENT TO SEE WAR CRIMINALS BROUGHT TO JUSTICE.

BOSNIA-HERZEGOVINA FEAR OF ISLAMIC INVOLVEMENT?

Q: IS THE WEST OPPOSED TO INCREASED INVOLVEMENT FROM ISLAMIC NATIONS?

A: WE RESPECT THE CLOSE RELATIONS THE BOSNIAN GOVERNMENT HAS WITH MEMBERS OF THE O.I.C. WE SHARE THEIR DEEP CONCERN FOR THE INTEGRITY OF THE BOSNIAN STATE AND THE SAFETY OF BOSNIAN CITIZENS.

— I WOULD NOTE THAT OIC MEMBER GOVERNMENTS ARE ALREADY ACTIVELY SUPPORTING BOSNIA WITH SUBSTANTIAL HUMANITARIAN ASSISTANCE AS WELL AS NEARLY ONE-THIRD OF UNPROFOR

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PEACEKEEPING TROOPS.

-- WE ARE NOT OPPOSED TO ANY MEMBER OF THE INTERNATIONAL COMMUNITY, INCLUDING MEMBERS OF THE O.I.C, ASSISTING THE BOSNIAN GOVERNMENT IN ACCORDANCE WITH EXISTING UN RESOLUTIONS.

ISRAEL: DETENTION OF U.S. CITIZENS

Q: ANYTHING ON THE DETENTION OF U.S. CITIZEN PEACE ACTIVISTS IN HEBRON?

A: FOUR CHRISTIAN PEACE ACTIVISTS WERE ARRESTED IN HEBRON ON JULY 22 FOR ATTEMPTING TO FORCE OPEN THE GATES OF A COLLEGE.

-- A COURT HEARING WAS SCHEDULED FOR TODAY TO DETERMINE WHETHER THE INDIVIDUALS WOULD BE CHARGED.

-- A CONSULAR OFFICER FROM THE AMERICAN CONSULATE IN JERUSALEM ATTENDED THE HEARING.

-- WE HAVE NO ADDITIONAL DETAILS AT THIS TIME AND DO NOT HAVE PRIVACY ACT WAIVERS FROM THE INDIVIDUALS INVOLVED. CHRISTOPHER

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DEPT FOR IO, PM AND SA

E.O. 12356: DECL:OADR
TAGS: PREL, MOPS, PK, BZ
SUBJECT: EMERGENCY OIC MINISTERIAL TO DISCUSS PEACEKEEPING
- OPERATIONS IN BOSNIA; GOP REQUEST FOR MILITARY SITREP

1. [REDACTED] -- ENTIRE TEXT.

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2. THIS IS AN ACTION REQUEST -- SEE PARA 4. FOREIGN MINISTERS OF A NUMBER OF OIC MEMBER STATES WILL MEET IN ISLAMABAD JULY 12-13 TO DISCUSS THE MODALITIES OF JOINING UN PEACEKEEPING FORCES IN BOSNIA-HERCEGOVINA. APART FROM HOST PAKISTAN, DELEGATIONS ARE EXPECTED FROM EGYPT, IRAN, SENEGAL, TURKEY, SAUDI ARABIA, MALAYSIA, UGANDA, TUNISIA, ALGERIA, BANGLADESH, INDONESIA, MOROCCO AND THE PLO.

3. MFA SECRETARY GENERAL AKRAM ZAKI TOLD THE AMBASSADOR JULY 5 THAT THE MEETING IS IN RESPONSE TO THE UNSYG'S REQUEST FOR 7,500 ADDITIONAL PEACEKEEPERS PURSUANT TO UNSC RESOLUTIONS 844 AND 836. HE CHARACTERIZED IT AS A "RESTRICTED MEETING OF FOREIGN MINISTERS," IN THAT NOT ALL OIC MEMBERS WILL ATTEND. RATHER, ATTENDANCE WILL BE LIMITED TO THE MEMBERSHIP OF THE "BOSNIAN CONTACT GROUP," AUGMENTED BY OIC STATES WHICH MIGHT CONTRIBUTE PEACEKEEPERS. ZAKI INDICATED THAT THE MINISTERS WILL SEEK TO COORDINATE AN OIC RESPONSE TO THE NEED FOR ADDITIONAL PEACEKEEPING FORCES, INCLUDING IDENTIFYING WHICH OIC MEMBERS WILL MAKE CONTRIBUTIONS AND IN WHAT NUMBERS.

4. IN A SEPARATE JULY 5 CONVERSATION WITH THE ACTING DCM, MFA

[REDACTED]

[REDACTED]

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DIRECTOR GENERAL TARIQ HAIDER ASKED FOR U.S. ASSISTANCE IN PROVIDING UPDATED INFORMATION ON THE PREVAILING MILITARY SITUATION IN BOSNIA FOR USE AT THE OIC MEETING. SPECIFICALLY, HAIDER REQUESTED THAT WE PROVIDE, IF POSSIBLE, MAPS OF BOSNIA SHOWING ACTUAL AREAS OF CONTROL OF THE SERB, CROAT AND BOSNIAN FORCES, INFORMATION ON LOGISTICS SUPPLY NETWORKS, AREAS THAT EACH UN CONTINGENT NOW OCCUPY. HAIDER EMPHASIZED THAT THEY ARE NOT REQUESTING A BRIEFING ON THE NEGOTIATIONS OR THE POLITICAL SITUATION, OF WHICH THEY ARE WELL AWARE, BUT ONLY OF THE GROUND SITUATION. HE ADDED THAT THE GOP HAD CONSIDERED ASKING THE UN IN NY BUT KNEW FROM THEIR EXPERIENCE IN SOMALIA THAT IT WAS IMPOSSIBLE TO OBTAIN TIMELY AND ACCURATE RESPONSE FROM THE FIELD OPERATIONS DIVISION OF THE UN. THE GOP BELIEVED THAT ONLY THE U.S. WOULD HAVE UP TO DATE INFORMATION AND COULD MAKE IT AVAILABLE. ACTION REQUESTED: PLEASE ADVISE WHETHER IT WOULD BE POSSIBLE TO PROVIDE INFORMATION ALONG THE LINES OF THAT REQUESTED BY THE GOP/OIC, INCLUDING A CURRENT MAP OF BOSNIA THAT INDICATED PRESENT DEPLOYMENT OF ALL LOCAL (AND UN) FORCES.

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APPROVED BY: SA: JRMALOTT

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YORK, ZAGREB, BELGRADE, NEW DELHI, GENEVA, VIENNA, ROME,
ATHENS, USIA, USCINCCENT MACDILL AFB FL, LAHORE, PESHAWAR,
LONDON, USIA IS BEING REPEATED FOR YOUR INFORMATION.

QUOTE:

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E.O. 12356: N/A

TAGS: KISL, PREL, SR, BK

SUBJECT: OIC RESOLUTION REQUESTS MORE HELP FOR BOSNIA

1. THE 32 POINT OIC RESOLUTION ON BOSNIA ADOPTED BY THE
OIC PLENARY SESSION ON APRIL 26 STRONGLY CONDEMNS SERBIA,
MONTENEGRO AND BOSNIAN SERBS AND CALLS ON THE SECURITY
COUNCIL "TO USE ALL NECESSARY MEANS TO UPHOLD AND RESTORE
THE SOVEREIGNTY, POLITICAL INDEPENDENCE, TERRITORIAL
INTEGRITY AND UNITY OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA"

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HERZEGOVINA." THE OIC RESOLUTION SPECIFICALLY REQUESTS THE SECURITY COUNCIL TO LIFT THE ARMS EMBARGO ON BOSNIA AND "GUARANTEE SAFE ROUTES FOR UNHINDERED PROVISION AND DELIVERY OF INTERNATIONAL ASSISTANCE" TO BELEAGUERED BOSNIANS. THE RESOLUTION ALSO ADVOCATES THAT ALL HEAVY WEAPONRY IN BOSNIA BE PLACED UNDER INTERNATIONAL CONTROL, THAT A COMPLETE ECONOMIC BLOCKADE BE IMPOSED ON SERBIA AND MONTENEGRO, AND THAT ALL SERBIAN AND MONTENEGREN FOREIGN ASSETS BE FROZEN.

2. WHILE THE OIC RESOLUTION CLEARLY SPELLS OUT THE OIC'S DESIRE THAT STRONGER INTERNATIONAL ACTIONS BE TAKEN TO HELP BOSNIA, IT STOPS SHORT OF VILLIFYING WESTERN NATIONS FOR NOT TAKING STRONGER ACTIONS AGAINST SERBIA. THE PREAMBLE OF THE RESOLUTION WELCOMES UN SECURITY RESOLUTIONS THAT IMPOSED SANCTIONS AGAINST THE FORMER REPUBLIC OF YUGOSLOVIA, THAT STIPULATED THE ESTABLISHMENT OF A INTERNATIONAL WAR CRIMES TRIBUNAL, AND AUTHORIZED THE NO-FLY ZONE OVER THE AIRSPACE OF BOSNIA-HERZEGOVINA. IN ARTICLE 26 OF ITS RESOLUTION, THE OIC "EXPRESSES ITS

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APPRECIATION TO THOSE STATES AND INTERNATIONAL INSTITUTIONS WHICH HAVE PROVIDED HUMANITARIAN ASSISTANCE TO THE PEOPLE OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA."

3. THE OIC ALSO RESOLVED TO DESPATCH A DELEGATION AT THE MINISTERIAL LEVEL TO THE CAPITALS OF THE PERMANENT MEMBERS OF THE SECURITY COUNCIL TO "SEEK AGREEMENT FOR THE NECESSARY FOLLOW UP ACTION IN THE SECURITY COUNCIL."

4. THE FOLLOWING IS THE COMPLETE TEXT OF THE OIC RESOLUTION ON "THE SITUATION IN BOSNIA-HERZEGOVINA" AS PROPOSED BY TURKEY, IRAN, EGYPT, SAUDI ARABIA, SENEGAL AND MALAYSIA:

BEGIN TEXT -

"PROCEEDING FROM THE PRINCIPLES AND OBJECTIVES OF THE CHARTER OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE, WHICH EMPHASIZE THE COMMITMENT OF ISLAMIC UMMAH TO THE CONSOLIDATION OF INTERNATIONAL PEACE AND SECURITY;

BEARING IN MIND THE OBLIGATION OF ALL STATES TO ACT IN CONFORMITY WITH THE PRINCIPLES AND PURPOSES OF THE UNITED NATIONS CHARTER;

REAFFIRMING PARTICULARLY THE OBLIGATION OF ALL STATES TO
REFRAIN FROM THE THREAT OR USE OF FORCE IN THEIR
INTERNATIONAL RELATIONS;

EXPRESSING ITS ALARM AT THE HORRIFYING SITUATION IN THE
REPUBLIC OF BOSNIA-HERZEGOVINA ARISING FROM SERBIAN
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AGGRESSION AND THE ACTS OF CRIME AND GENOCIDE PERPETRATED
BY THE SERBS;

RECALLING THE RESOLUTIONS NO. 1/5-EX AND 1/6-EX ON THE
SITUATION IN BOSNIA-HERZEGOVINA ADOPTED RESPECTIVELY IN
ISTANBUL AND IN JEDDAH BY THE FIFTH AND SIXTH
EXTRAORDINARY SESSIONS OF THE ISLAMIC CONFERENCE OF
FOREIGN MINISTERS, AS WELL AS THE RELEVANT PROVISIONS OF
THE FINAL DECLARATION OF THE MEETING OF THE BUREAU OF THE

SIXTH ISLAMIC SUMMIT ENLARGED TO THE CHAIRMEN OF THE
STANDING COMMITTEES, HELD IN DAKAR;

RECALLING ALSO ALL THE RELEVANT RESOLUTIONS ADOPTED BY
THE U.N. SECURITY COUNCIL AND GENERAL ASSEMBLY REGARDING
BOSNIA-HERZEGOVINA, PARTICULARLY THE SECURITY COUNCIL
RESOLUTIONS NO. 575 AND GENERAL ASSEMBLY RESOLUTIONS
46/242 AND 47/121;

WELCOMING THE U.N. SECURITY COUNCIL RESOLUTION NO. 808
(1993), WHICH STIPULATES THE ESTABLISHMENT OF AN
INTERNATIONAL TRIBUNAL FOR THE PROSECUTION OF PERSONS
RESPONSIBLE FOR SERIOUS VIOLATIONS OF INTERNATIONAL
HUMANITARIAN LAW, COMMITTED IN THE TERRITORY OF THE
FORMER YUGOSLAVIA;

FURTHER WELCOMING THE U.N. SECURITY COUNCIL RESOLUTION
NO. 816 (1993), WHICH AUTHORIZES THE MEMBER STATES,
ACTING NATIONALLY OR THROUGH REGIONAL ORGANIZATIONS OR
ARRANGEMENTS, TO TAKE ALL NECESSARY MEASURES IN ORDER TO
ENFORCE THE NO-FLY-ZONE OVER THE AIRSPACE OF THE REPUBLIC

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OF BOSNIA-HERZEGOVINA;

TAKING INTO ACCOUNT WITH APPRECIATION ALL THE ONGOING
DIPLOMATIC EFFORTS FOR RESTORING PEACE IN
BOSNIA-HERZEGOVINA;

GRAVELY CONCERNED, HOWEVER, OVER THE FACT THAT THE
SERBIAN SIDE IS UTILIZING THE NEGOTIATING PROCESS TO
CONSOLIDATE ITS TERRITORIAL ACQUISITIONS AND TO OBSTRUCT
SECURITY COUNCIL FROM AUTHORIZING THE USE OF FORCE TO
SECURE THE IMPLEMENTATION OF ITS RELEVANT RESOLUTIONS;

DEPLORING VIGOROUSLY, IN THIS CONTEXT, THE CONTINUED NON-
COMPLIANCE BY SERBIA AND MONTENEGRO AND BY THE SERBS WITH
ALL RELEVANT INTERNATIONAL RESOLUTIONS AND CALLS MADE
UPON THEM;

FURTHER CONCERNED OVER THE TRAGIC HUMANITARIAN SITUATION
IN THE CITIES AND TOWNS UNDER SERBIAN SIEGE;

EXPRESSING ITS CONDEMNATION ON THE RECENT SHELLING OF THE
TOWN OF SREBRENICA BY THE SERBIAN FORCES, WITH THE AIM OF
DRIVING THE MUSLIMS OUT OF YET ANOTHER TOWN, AS A PART OF
SERBIAN "ETHNIC CLEANSING" CAMPAIGN, WHICH IS A FORM OF
GENOCIDE;

REAFFIRMING THAT TERRITORIAL GAINS OR CHANGES BROUGHT
ABOUT BY VIOLENCE ARE NOT ACCEPTABLE;

COMMENDING THE GOVERNMENT OF BOSNIA-HERZEGOVINA FOR ITS
OUTSTANDING FLEXIBILITY AND RESPONSIBILITY AS MANIFESTED
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IN ITS ACCEPTANCE OF ALL THE DOCUMENTS NEGOTIATED AT THE
PEACE PROCESS;

WELCOMING THE PROVISIONAL MEASURES ISSUED BY THE
INTERNATIONAL COURT OF JUSTICE, IN RESPONSE TO A SUIT
INITIATED BY THE GOVERNMENT OF BOSNIA-HERZEGOVINA;

AFFIRMING THAT THE INTERNATIONAL COMMUNITY HAS THE
RESPONSIBILITY TO SECURE THE INDEPENDENCE, SOVEREIGNTY,
TERRITORIAL INTEGRITY AND UNITY OF BOSNIA-HERZEGOVINA, AS
WELL AS TO PREVENT ACTS OF GENOCIDE AND OF CRIMES AGAINST
HUMANITY;

EMPHASIZING THAT THE DETERIORATING SITUATION OF THE
MUSLIMS IN BOSNIA-HERZEGOVINA CALLS FOR MORE
INTERNATIONAL HUMANITARIAN ASSISTANCE COUPLED WITH

EFFECTIVE MEASURES AIMED AT PROVIDING CONTINUOUS AND UNIMPEDED DELIVERY OF THE ASSISTANCE TO THE NEEDY;

ALARMED THAT THE ONGOING CONFLICT IN BOSNIA-HERZEGOVINA POSES A GRAVE RISK OF SPILLING OVER TO ADJACENT AREAS AND BEYOND, AND THAT THE AGGRESSOR HAS THE INTENTION TO SPREAD THE CONFLICT;

FURTHER EMPHASIZING THAT IT IS AND WILL BE NECESSARY TO TAKE EFFECTIVE MEASURES TO ENSURE THE FULL AND STRICT IMPLEMENTATION OF ANY DECISION OF THE U.N. SECURITY COUNCIL OR INTERNATIONAL CONFERENCE ON FORMER YUGOSLAVIA, OR AGREEMENT REACHED BY THE SIDES CONCERNED;

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CONVINCED THAT, IN FACE OF THE CURRENT SITUATION, THE REPUBLIC OF BOSNIA-HERZEGOVINA HAS THE INHERENT RIGHT OF INDIVIDUAL OR COLLECTIVE SELF-DEFENCE, IN ACCORDANCE WITH ARTICLE 51 OF CHAPTER VII OF THE CHARTER OF THE UNITED NATIONS AND THAT THE CURRENT ARMS EMBARGO ON THE REPUBLIC OF BOSNIA-HERZEGOVINA IS THE MAJOR FACTOR IMPEDING THE USE OF THE RIGHT OF SELF-DEFENCE;

STRESSING THAT THE SITUATION IN BOSNIA-HERZEGOVINA WARRANTS THE IMPLEMENTATION OF DECISIVE MEASURES IN CONFORMITY WITH THE PROVISIONS OF CHAPTER VII OF THE UNITED NATIONS CHARTER, IN PARTICULAR ARTICLE 42;

1. NOTES WITH APPRECIATION THE REPORT OF THE SECRETARY-GENERAL ON THE SITUATION IN BOSNIA AND HERZEGOVINA (DOC. NHO. ICFM/21-93/PIL/D.1).

2. REAFFIRMS THE PROVISIONS CONTAINED IN RESOLUTION NO. 1/5-EX AND 1/6-EX ON THE SITUATION IN BOSNIA AND HERZEGOVINA ADOPTED BY THE FIFTH AND SIXTH EXTRAORDINARY SESSIONS OF THE ISLAMIC CONFERENCE OF FOREIGN MINISTERS, AS WELL AS THE RELEVANT UNITED NATIONS SECURITY COUNCIL AND GENERAL ASSEMBLY RESOLUTIONS, IN PARTICULAR, GENERAL ASSEMBLY RESOLUTIONS 46/242 AND 47/121 AND DEMANDS THEIR IMMEDIATE IMPLEMENTATION.

3. REAFFIRMS ALSO THE DECISIONS OF THE MEETING OF THE ENLARGED BUREAU OF THE SIXTH ISLAMIC SUMMIT HELD IN DAKAR ON JANUARY 11, 1993.

4. REAFFIRMS ALSO ITS COMMITMENT TO RESTORING PEACE
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IN THE REPUBLIC OF BOSNIA AND HERZEGOVINA AS WELL AS
SAFEGUARDING ITS UNITY, SOVEREIGNTY, POLITICAL
INDEPENDENCE AND TERRITORIAL INTEGRITY.

5. STRONGLY CONDEMNS THE GENOCIDAL SERBIAN
AGGRESSION AGAINST THE REPUBLIC OF BOSNIA-HERZEGOVINA AND
THE NON-COMPLIANCE BY SERBIA AND MONTENEGRO AND THE
BOSNIAN SERB PARTY TO THE WILL OF THE INTERNATIONAL
COMMUNITY AS MANIFESTED IN RELEVANT RESOLUTIONS OF THE
UNITED NATIONS SECURITY COUNCIL, GENERAL ASSEMBLY, AND
THE ORGANIZATION OF THE ISLAMIC CONFERENCE.

6. DEPLORES THE BREACHES OF THE COMPREHENSIVE AND
MANDATORY SANCTIONS IMPOSED BY THE SECURITY COUNCIL
AGAINST SERBIA AND MONTENEGRO AND URGES THE SECURITY
COUNCIL TO ENSURE FULL IMPLEMENTATION OF ITS RELEVANT
RESOLUTIONS AND ESPECIALLY TO PREVENT SUPPLIES REACHING
SERBIA THROUGH THE DANUBE RIVER OR ANY OTHER MEANS.

7. CONDEMNS VIGOROUSLY THE MASSIVE AND FLAGRANT
VIOLATIONS OF THE HUMAN RIGHTS OF THE BOSNIAN PEOPLE AND
OF INTERNATIONAL HUMANITARIAN LAW BY SERBIA AND
MONTENEGRO AND THE BOSNIAN SERBS.

8. STRONGLY CONDEMNS, ONCE AGAIN, THE ABHORRENT
SERBIAN POLICY OF "ETHNIC CLEANSING," AND IN THIS CONTEXT
REAFFIRMS THE RIGHT OF ALL BOSNIAN REFUGEES TO RETURN TO
THEIR HOMES UNDER CONDITIONS OF SAFETY AND HONOUR.

9. REQUESTS THE SECURITY COUNCIL TO ACT DECISIVELY
AND EXPEDITIOUSLY UNDER THE PROVISIONS OF CHAPTER VII OR
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THE UNITED NATIONS CHARTER, AND TO AUTHORIZE U.N. MEMBER
STATES, IN COÖPERATION WITH THE GOVERNMENT OF THE
REPUBLIC OF BOSNIA AND HERZEGOVINA, TO USE ALL NECESSARY
MEANS TO UPHOLD AND RESTORE THE SOVEREIGNTY, POLITICAL
INDEPENDENCE, TERRITORIAL INTEGRITY AND UNITY OF THE
REPUBLIC OF BOSNIA AND HERZEGOVINA.

10. FURTHER REQUESTS THE SECURITY COUNCIL TO GUARANTEE SAFE ROUTES FOR UNHINDERED PROVISION AND DELIVERY OF INTERNATIONAL ASSISTANCE TO BOSNIA-HERZEGOVINA.

11. ALSO REQUESTS THE SECURITY COUNCIL TO EXEMPT, WITHOUT ANY FURTHER DELAY, THE REPUBLIC OF BOSNIA AND HERZEGOVINA FROM THE ARMS EMBARGO AS IMPOSED ON THE FORMER YUGOSLAVIA UNDER SECURITY COUNCIL RESOLUTION 713 (1991).

12. URGES MEMBER STATES AS WELL AS OTHER MEMBERS OF THE INTERNATIONAL COMMUNITY TO EXTEND THEIR COOPERATION TO THE REPUBLIC OF BOSNIA AND HERZEGOVINA IN EXERCISE OF ITS INHERENT RIGHT OF INDIVIDUAL AND COLLECTIVE SELF-DEFENCE IN ACCORDANCE WITH ARTICLE 51 OF CHAPTER VII OF THE UNITED NATIONS CHARTER INCLUDING THE SUPPLY OF ARMS.

13. URGES THE SECURITY COUNCIL, TO IMMEDIATELY TAKE FURTHER APPROPRIATE MEASURES, INCLUDING THE AUTHORIZATION OF THE USE OF FORCE, UNDER CHAPTER VII OF THE UNITED NATIONS CHARTER, TO ENSURE:

A. PLACING OF ALL HEAVY WEAPONS IN THE REPUBLIC OF BOSNIA AND HERZEGOVINA UNDER EFFECTIVE
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INTERNATIONAL PHYSICAL CONTROL OR NEUTRALIZING
THEM TO RENDER THEM INOPERATIVE;

B. INTERDICTION OF ALL ARMS SUPPLIES TO THE SERBS;

C. INSTITUTION OF APPROPRIATE MEASURES FOR REPARATIONS FOR THE GOVERNMENT OF BOSNIA AND HERZEGOVINA BY SERBIA AND MONTENEGRO; AND

D. THAT SERBIA AND MONTENEGRO IS LIABLE UNDER INTERNATIONAL LAW FOR ANY DIRECT LOSS, DAMAGE, INCLUDING ENVIRONMENTAL DAMAGE, OR INJURY TO FOREIGN GOVERNMENTS, NATIONALS AND CORPORATIONS, AS A RESULT OF ITS AGGRESSION AGAINST THE REPUBLIC OF BOSNIA AND HERZEGOVINA;

E. IMPOSITION OF A COMPLETE AND COMPREHENSIVE ECONOMIC BLOCKADE AGAINST SERBIA AND MONTENEGRO;

F. FREEZING OF ALL ASSETS ABROAD OF SERBIA AND MONTENEGRO.

14. CALLS UPON MEMBER STATES WHO HAVE NOT YET DONE SO TO SEVER ALL ECONOMIC AND COMMERCIAL TIES WITH SERBIA AND MONTENEGRO.

15. DECIDES THAT MEMBER STATES WOULD JOINTLY SEEK THE FORMAL EXPULSION OF FRY (SERBIA AND MONTENEGRO) FROM THE UNITED NATIONS AND ALL ITS AGENCIES, ORGANS, BODIES, AND PROGRAMMES.

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16. REQUESTS THE MEMBER STATES TO TAKE APPROPRIATE MEASURES, INDIVIDUALLY AND COLLECTIVELY, IN ACCORDANCE WITH THE UNITED NATIONS CHARTER, AGAINST THOSE STATES WHICH ARE WILLFULLY VIOLATING THE UNITED NATIONS SANCTIONS AGAINST SERBIA AND MONTENEGRO.

17. DECIDES TO REQUEST THE RECONVENING OF THE UNITED NATIONS GENERAL ASSEMBLY SESSION ON BOSNIA AND HERZEGOVINA IN CASE THE SECURITY COUNCIL IS UNABLE TO DEAL EFFECTIVELY WITH THE SERBIAN AGGRESSION AGAINST BOSNIA AND HERZEGOVINA.

18. NOTES WITH APPRECIATION THE ONGOING EFFORTS OF THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES, UNPROFOR AND OTHER INTERNATIONAL HUMANITARIAN AGENCIES IN PROVIDING HUMANITARIAN ASSISTANCE TO THE PEOPLE OF BOSNIA AND HERZEGOVINA.

19. REQUESTS THE UNITED NATIONS AND OTHER RELEVANT INTERNATIONAL ORGANIZATIONS TO CONSIDER URGENTLY THE INTRODUCTION OF SAFE AREAS IN ADDITION TO THOSE SPECIFIED IN SECURITY COUNCIL RESOLUTION 819 (1993), IN CLOSE CONSULTATION WITH THE GOVERNMENT OF THE REPUBLIC OF BOSNIA AND HERZEGOVINA IN THE EXISTING HUMANITARIAN EFFORT TO SUPPLY RELIEF GOODS THROUGH ROAD CONVOYS AND AIRLIFTS.

20. URGES THE MEMBER STATES AND THE INTERNATIONAL COMMUNITY TO CONTRIBUTE FINANCES AND PERSONNEL FOR IMPLEMENTING THE DECISIONS OF THE SECURITY COUNCIL TO

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UPHOLD AND RESTORE THE SOVEREIGNTY, POLITICAL
INDEPENDENCE, TERRITORIAL INTEGRITY AND UNITY OF THE
REPUBLIC OF BOSNIA AND HERZEGOVINA.

21. REQUESTS THE SECURITY COUNCIL TO ACT IMMEDIATELY
TO CLOSE ALL DETENTION AND CONCENTRATION CAMPS IN SERBIA
AND MONTENEGRO AND BOSNIA AND HERZEGOVINA ESTABLISHED BY
THE SERBS; AND UNTIL IMPLEMENTATION TO ASSIGN
INTERNATIONAL OBSERVERS TO THESE CAMPS.

22. REQUESTS THAT THE INTERNATIONAL COMMITTEE OF THE
RED CROSS BE GRANTED FREE ACCESS TO ALL DETENTION CAMPS
ESTABLISHED BY SERBS IN SERBIA AND MONTENEGRO AND IN
BOSNIA AND HERZEGOVINA, AND TO ALL PERSONS IMPRISONED IN
THESE CAMPS AND THAT ALL PRISONERS BE NOTIFIED TO IT
WITHOUT DELAY.

23. CALLS FOR FULL RESPECT BY ALL PARTIES OF THE
HUMANITARIAN PLAN OF ACTION ADOPTED IN THE FRAMEWORK OF
THE LONDON CONFERENCE ON 27 AUGUST 1992 AND NOTABLY CALLS
FOR THE IMMEDIATE RELEASE OF PRISONERS IN ACCORDANCE WITH
THE AGREEMENT SIGNED IN GENEVA UNDER THE AUSPICES OF THE
INTERNATIONAL COMMITTEE OF THE RED CROSS ON 1 OCTOBER 1992.

24. WARNS ONCE AGAIN THE SERB AND MONTENEGREN
AUTHORITIES AS WELL AS ALL PERSONS WHO COMMIT OR ORDER
THE COMMISSION OF BREACHES OF INTERNATIONAL HUMANITARIAN
LAW IN THE REPUBLIC OF BOSNIA AND HERZEGOVINA THAT THEY
ARE INDIVIDUALLY RESPONSIBLE IN RESPECT OF SUCH BREACHES
AND WILL BE PUNISHED FOR WAR CRIMES IN ACCORDANCE WITH
THE GENEVA CONVENTIONS.

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25. REQUESTS THE UNITED NATIONS TO EXPEDITE THE
ESTABLISHMENT OF A REPRESENTATIVE INTERNATIONAL WAR
CRIMES TRIBUNAL TO TRY AND PUNISH THOSE WHO ARE GUILTY OF
GENOCIDE, CRIMES AGAINST HUMANITY AND WAR CRIMES IN THE
REPUBLIC OF BOSNIA AND HERZEGOVINA.

26. EXPRESSES ITS APPRECIATION TO THOSE STATES AND
INTERNATIONAL INSTITUTIONS WHICH HAVE PROVIDED
HUMANITARIAN ASSISTANCE TO THE PEOPLE OF THE REPUBLIC OF
BOSNIA AND HERZEGOVINA AND APPEALS TO ALL MEMBER STATES
TO CONTRIBUTE GENEROUSLY TOWARDS ALLEVIATING THEIR

SUFFERINGS INCLUDING ASSISTANCE TO REFUGEE CENTRES FOR BOSNIAN REFUGEES IN NEIGHBOURING COUNTRIES.

27. EMPHASIZES THE IMPORTANCE OF COOPERATION AMONG ALL PARTIES IN BOSNIA AND HERZEGOVINA AGAINST THE SERBIAN AGGRESSION.

28. URGES THE SECURITY COUNCIL TO ADOPT EFFECTIVE MEASURES TO PREVENT ANY FURTHER AGGRAVATION OF THE EXTREMELY TENSE SITUATION IN KOSOVO, VOJVODINA, THE SANJAK AND THE REPUBLIC OF MACEDONIA.

29. COMMENDS THE WORK OF THE OIC CONTACT GROUP ON BOSNIA AND HERZEGOVINA AT THE UNITED NATIONS, NEW YORK AND REQUESTS IT TO CONTINUE ITS WORK.

30. URGES THOSE MEMBER STATES WHO HAVE NOT YET ESTABLISHED FULL DIPLOMATIC RELATIONS WITH BOSNIA-HERZEGOVINA TO DO SO IMMEDIATELY.

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31. DECIDES TO DESPATCH A MISSION AT MINISTERIAL LEVEL, DRAWING FROM THE MEMBERS OF THE OIC CONTACT GROUP COMPRISING THE CURRENT CHAIRMAN, THE OUTGOING CHAIRMAN, THE REPRESENTATIVE OF THE CHAIRMAN OF THE SIXTH ISLAMIC SUMMIT AND THE SECRETARY GENERAL OF THE OIC, TO THE CAPITALS OF THE PERMANENT MEMBERS OF THE SECURITY COUNCIL TO EXPLAIN THE PROVISIONS OF THIS RESOLUTION AND TO SEEK THEIR AGREEMENT FOR THE NECESSARY FOLLOW UP ACTION IN THE SECURITY COUNCIL.

32. REQUESTS THE SECRETARY GENERAL TO FOLLOW-UP THE IMPLEMENTATION OF THIS RESOLUTION AND TO REPORT TO THE COORDINATION MEETING OF THE OIC FOREIGN MINISTERS IN NEW YORK AND TO THE NEXT ISLAMIC CONFERENCE OF FOREIGN MINISTERS." END TEXT.

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BEGIN TEXT:

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MS. SHELLY: GOOD AFTERNOON. I AM PLEASED TO
 WELCOME OUR GUEST BRIEFER FOR TODAY, ASSISTANT SECRETARY
 OF STATE FOR POLITICAL-MILITARY AFFAIRS AND CHAIRMAN OF
 THE SENIOR POLICY STEERING GROUP ON KOREA, ROBERT
 GALLUCCI.

ASSISTANT SECRETARY GALLUCCI RECENTLY RETURNED FROM
 A TRIP TO THE REPUBLIC OF KOREA, CHINA AND JAPAN, AND IS
 HERE TODAY TO DISCUSS WITH YOU SOME OF THE DEVELOPMENTS
 RELATING TO NORTH KOREA THAT CAME OUT OF THAT TRIP.

HE WILL BEGIN WITH A BRIEF OPENING STATEMENT, SOME
 REMARKS, AND THEN WILL TAKE YOUR QUESTIONS, FOLLOWING
 OUR USUAL FORMAT.

ALSO FOLLOWING ASSISTANT SECRETARY GALLUCCI'S
 PRESENTATION, I WILL TAKE YOUR QUESTIONS ON OTHER
 SUBJECTS.

IT'S ALL YOURS. I PASS THE BATON, AND I WILL NOT
 TAKE QUESTIONS ON KOREA. ASK THEM ALL.

ASSISTANT SECRETARY GALLUCCI: THAT'S CALLED PASSING
 THE BATON AND THE BUCK AT THE SAME TIME.

GOOD AFTERNOON, LADIES AND GENTLEMEN. I'M GOING TO
 MAKE MY OPENING REMARKS VERY BRIEF AND LEAVE THE REST
 FOR QUESTIONS. I THINK, AS YOU ALL KNOW, WE HAVE BEEN
 ENGAGED FOR ABOUT TEN MONTHS IN TRYING TO NEGOTIATE A
 RESOLUTION TO THE NUCLEAR ISSUE INVOLVING NORTH KOREA.
 AND WE HAVE BEEN CLEAR ABOUT WHAT OUR OBJECTIVES ARE
 OVER THESE TEN MONTHS AND THEY HAVEN'T CHANGED.

WE WANT (A WANT) A NUCLEAR-FREE KOREAN PENINSULA. WE

WANT THE NORTH KOREANS TO ACCEPT FULL-SCOPE SAFEGUARDS,
 AN UNAMBIGUOUS, FULLY COMMITTED MEMBER OF THE
 NON-PROLIFERATION TREATY. WE WANT THAT STATUS CLEARED
 UP. WE WANT THE NORTH KOREANS TO GET ON WITH
 DISCUSSIONS WITH THE SOUTH KOREANS WITH THE
 IMPLEMENTATION OF THE NORTH-SOUTH DECLARATION ON
 DENUCLEARIZATION.

OVER THESE TEN MONTHS, THERE HAVE BEEN A COUPLE OF
 ROUNDS OF TALKS, AND BEGINNING IN JUNE, WE HAD A FIRST
 ROUND. WE HAD A SECOND ROUND IN JULY IN GENEVA. AND WE
 HAD

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INITIALLY HOPED THAT WE WOULD HAVE A SERIES OF TALKS AT
 ABOUT THE SAME INTERVAL WITH THE TALKS ENDING IN JULY,
 ANTICIPATING TALKS IN SEPTEMBER.

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 CINCUSNAVEUR LONDON UK
 CTF PROVIDE COMFORT INCIRLIK TU//POLAD//IMMEDIATE
 COMUSNAVCENT IMMEDIATE
 INFO CIA WASHDC PRIORITY 9258-70 IMMEDIATE
 DOD WASHDC PRIORITY 8189-8201
 WHITE HOUSE WASHDC PRIORITY 4484-96
 XMT AMEMBASSY BUCHAREST
 AMEMBASSY MALABO
 AMCONSUL SHANGHAI

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INFORM CONSULS ALSO FOR USEC/USOEC

E.O. 12356: N/A

TAGS: OPRC

SUBJECT: DAILY PRESS BRIEFING OF TUESDAY, APRIL 26, 1994

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THEY DID NOT OCCUR BECAUSE WE HAVE HAD STANDARDS FOR THESE TALKS THAT INCLUDED THE MAINTENANCE OF THE CONTINUITY OF SAFEGUARDS BY INSPECTIONS OF THE INTERNATIONAL ATOMIC ENERGY AGENCY, AND WHEN THOSE INSPECTIONS WERE NOT FORTHCOMING, WE DID NOT GO TO A THIRD ROUND.

IN FEBRUARY WE REACHED AN AGREEMENT -- ON FEBRUARY 25TH -- WITH THE DPRK WHICH HAD A NUMBER OF ELEMENTS. WE CAN GO INTO THE DETAILS OF THAT, BUT, VERY SIMPLY, THEY PROVIDED FOR THE CONDUCT OF THE THIRD ROUND OF TALKS IN MARCH. THEY PROVIDED FOR THE RESUMPTION OF THE NORTH-SOUTH DIALOGUE, WHICH WOULD HAVE ADVANCED THE CAUSE OF NEGOTIATING THE IMPLEMENTATION OF THAT NORTH-SOUTH DECLARATION ON DENUCLEARIZATION THAT I MENTIONED.

THEY PROVIDED FOR THE SUSPENSION OF TEAM SPIRIT CONTINGENT ON THE COMPLETION OF THE OTHER STEPS, AND FINALLY THEY PROVIDED FOR THE IMPLEMENTATION OF THE NECESSARY SAFEGUARDS MEASURES BY THE IAEA, ACCORDING TO AN AGREEMENT REACHED BETWEEN THE AGENCY AND THE DPRK ON THE 15TH OF FEBRUARY.

IF YOU WERE COUNTING, YOU WOULD HAVE NOTED FOUR MOVING PARTS IN THAT FEBRUARY 25TH AGREEMENT, AND THE

TWO PARTS THAT THE SOUTH KOREANS AND THE UNITED STATES WERE SUPPOSED TO DO, WE ACTUALLY WERE QUITE PREPARED TO DO, TO GO TO THE THIRD ROUND, AND ACTUALLY TEAM SPIRIT

WAS SUSPENDED.

UNFORTUNATELY THE OTHER TWO MOVING PARTS, THE COMPLETION OF THE INSPECTIONS ACCORDING TO THE FEBRUARY 15TH AGENDA AGREED WITH THE AGENCY, WAS NOT EXECUTED BY THE DPRK. THE AGENCY GOT TO DO SOME OF THOSE INSPECTIONS BUT NOT ALL OF THEM. AND, SECONDLY, THE NORTH KOREANS REFUSED TO MEET WITH THE SOUTH KOREANS AND CONDUCT WHAT BECAME KNOWN AS THE "EXCHANGE OF ENVOYS" PRIOR TO THE HOLDING OF THE THIRD ROUND. AND SO THERE WAS NO THIRD ROUND IN MARCH.

SUBSEQUENT TO THAT, THE SECURITY COUNCIL TOOK UP THE MATTER, AS IT IS REQUIRED TO DO, IN MARCH, AND ON THE 31ST OF MARCH, THERE WAS A STATEMENT BY THE PRESIDENT OF THE SECURITY COUNCIL, WHICH WAS UNANIMOUSLY SUPPORTED BY ALL 15 MEMBERS OF THE SECURITY COUNCIL, INCLUDING, OF COURSE, THE CHINESE. THAT STATEMENT HAD A NUMBER OF PROVISIONS, BUT AMONG THEM IT WAS ENCOURAGING -- IT ENCOURAGED THE DPRK TO GET ON WITH AND ACCEPT THE NECESSARY INSPECTIONS REQUIRED BY THE IAEA.

IT ALSO FORESHADOWED THE TAKING UP OF THE MATTER AGAIN IN THE SECURITY COUNCIL IF THIS DID NOT HAPPEN, AND

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THE DIRECTOR GENERAL OF THE IAEA WAS ASKED TO COME TO THE SECURITY COUNCIL IN MAY TO MAKE A REPORT ON THE STATUS OF SAFEGUARDS.

SO THERE'S A TIME-URGENCY ELEMENT TO THE PRESIDENTIAL STATEMENT -- THE SECURITY COUNCIL'S PRESIDENTIAL STATEMENT.

AT THE SAME TIME, IN THIS INTERVAL, SINCE MARCH 31 AND A PERIOD TO OCCUR SOMETIME IN MAY, WHEN THE DIRECTOR

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GENERAL WOULD COME BACK, THE SOUTH KOREANS DECIDED -- THE ROK DECIDED -- TO TAKE A STEP TO DEMONSTRATE FLEXIBILITY. IT'S AN IMPORTANT STEP. THEY REMOVED THE EXCHANGE OF SPECIAL ENVOYS AS A PRECONDITION TO THE HOLDING OF A THIRD ROUND OF TALKS BETWEEN THE DPRK AND THE UNITED STATES.

IN THIS INTERVENING PERIOD, WE HAVE BEEN ACTIVE. I JUST RETURNED FROM ASIA. I WENT OUT ALONE AND CAME BACK WITH SECRETARY PERRY. I'VE BEEN TO BEIJING AND TO TOKYO

AND TO SEOUL. DURING PART OF THAT TRIP, AS I SAID, I WAS WITH SECRETARY OF DEFENSE PERRY.

WE CONSULTED WITH OUR ALLIES. WE ARE WORKING ON ANOTHER APPROACH TO THE DPRK. WE CONSULTED WITH THE CHINESE, OF COURSE, OVER THIS ISSUE AGAIN. THEY'RE AN IMPORTANT PLAYER WITH INFLUENCE IN THE DPRK AS WELL AS, OF COURSE, BEING A MEMBER OF THE SECURITY COUNCIL, IF THE ISSUE WERE TO RETURN TO THE SECURITY COUNCIL AND THE

QUESTION OF SANCTIONS WERE TO BE RAISED AGAIN.

OUR HOPE IS NOW THAT WE HAVE CONSULTED WITH THE ALLIES, AND PARTICULARLY WITH THE ROK, THAT WE'LL BE ABLE TO GO BACK TO THE DPRK WITH A PROPOSAL THAT LOOKS VERY MUCH LIKE THE FEBRUARY 25 PROPOSAL IN THAT IT WOULD HAVE SIMILAR ELEMENTS. OBVIOUSLY, IT WOULD STILL REQUIRE THE MAINTENANCE OF THE CONTINUITY OF SAFEGUARDS BY THE DPRK.

WE WILL CERTAINLY BE PREPARED TO GO TO A THIRD ROUND. IT'S SOMETHING WE'D LIKE TO DO. WE'D LIKE TO REACH A DIPLOMATIC RESOLUTION TO THIS ISSUE.

THE SUSPENSION OF TEAM SPIRIT, AS AN EXERCISE WHICH, DURING THE COURSE OF SECRETARY PERRY'S TRIP, THE ROK ANNOUNCED THAT THEY HAD RESCHEDULED, ALONG WITH US, FOR THE NOVEMBER TIMEFRAME BUT WOULD BE OPEN TO SUSPENSION AGAIN IF, IN FACT AN ARRANGEMENT OF THE KIND ENVISIONED IN THE FEBRUARY 25 AGREEMENT WERE TO BE AGREED TO. SO THE SUSPENSION OF TEAM SPIRIT COULD ALSO BE AN ELEMENT.

OF COURSE, THE INTER-KOREAN DIALOGUE, OR ADVANCING THE INTER-KOREAN DIALOGUE, IN SOME MODALITY WOULD ALSO FIGURE IN SUCH AN ARRANGEMENT.

WE HOPE, IN FACT, THAT THIS WEEK WE'LL BE ABLE TO GET BACK TO THE DPRK, ALMOST CERTAINLY USING THE NEW YORK CHANNEL, WHICH YOU'RE WELL AWARE OF; THAT WE CONDUCT TALKS

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AT EITHER THE OFFICE DIRECTOR OR DEPUTY ASSISTANT SECRETARY LEVEL.

I'M NOT GOING TO GO INTO ANYMORE DETAIL ABOUT EXACTLY WHAT WE MIGHT PROPOSE. THAT IS STILL NOT SET. I'M NOT GOING TO GO INTO ANY DETAIL ABOUT EXACTLY WHEN

WE'LL BE TALKING TO THE NORTH. THAT'S NOT SET YET EITHER.

BUT I DID WANT TO TELL YOU EXACTLY WHERE WE WERE IN OUR EFFORTS TO GET BACK TO THE TALKS.

ONE OTHER ELEMENT I'D JUST PUT OUT FOR YOU TO NOTE. THAT IS THAT WE RECEIVED AN INDICATION, AS DID THE IAEA,

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THAT THE DPRK WISHED TO DISCHARGE FUEL FROM THEIR 25-MEGAWATT THERMAL REACTOR, AND THAT THEY ALSO PLANNED ON FUELING THAT REACTOR AND THAT THEY WERE WILLING TO ACCEPT IAEA PRESENCE.

MY UNDERSTANDING OF THIS ISSUE AT THE CURRENT TIME IS THAT THE IAEA IS IN DISCUSSION WITH DPRK OVER EXACTLY WHAT "PRESENCE" MEANS AND HOW IT WILL BE DEFINED.

THE POSITION OF THE UNITED STATES ON THIS WILL BE CLEAR. WHATEVER THE IAEA DETERMINES THAT IT TECHNICALLY NEEDS TO DO THE SAFEGUARDS MISSION THAT IT EXISTS TO CONDUCT, WE WILL SUPPORT.

I THINK AT THIS POINT I WOULD STOP. THAT'S THE STATUS. I'D BE HAPPY TO GO BACK OVER EITHER MORE HISTORICAL THINGS OR TRY TO GO INTO ANY OF THESE ISSUES IN A LITTLE MORE DETAIL THAT YOU WOULD LIKE.

Q DID YOU GET THE IMPRESSION IN BEIJING THAT THE CHINESE WOULD GO ALONG WITH SANCTIONS IF THEY WERE CALLED UPON TO DO SO?

ASSISTANT SECRETARY GALLUCCI: THE CHINESE HAVE BEEN CLEAR ALL ALONG THAT THEY DO NOT BELIEVE THAT THE BEST ROUTE TO THE SETTLEMENT OF THIS ISSUE -- THE RESOLUTION OF THIS ISSUE -- IS THROUGH UNITED NATIONS SECURITY COUNCIL SANCTIONS.

WE ALSO AGREE THAT THIS IS NOT THE BEST ROUTE, BUT IT IS FOR US THE ALTERNATIVE IF WE CAN'T FIND A DIPLOMATIC SOLUTION AND NEGOTIATE THE SETTLEMENT AND ACHIEVE THE OBJECTIVES THAT WE HAVE LAID OUT THAT I DESCRIBED AT THE BEGINNING.

WE TALKED OBVIOUSLY ABOUT THIS IN BEIJING. THE CHINESE COUNSEL PATIENCE AND THEY COUNSEL FLEXIBILITY AND THEY COUNSEL AVOIDANCE OF PRESSURE.

WE HAVE BEEN PATIENT. I DON'T THINK WE'VE BEEN PATIENT TO A FAULT BUT WE HAVE BEEN PATIENT. THIS ISSUE

IS OF SUCH SERIOUS PROPORTIONS, IF IT IS NOT MANAGED WELL, THAT

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PATIENCE IS APPROPRIATE. BUT I THINK WE CAN SAY THAT WE HAVE BEEN PATIENT.

I THINK WE HAVE BEEN FLEXIBLE IN TACTICS. IF I CAN PUT IT THAT WAY. CERTAINLY, THE REPUBLIC OF KOREA HAS DEMONSTRATED THAT KIND OF OPENNESS TO ADJUSTING MODALITIES SO THAT WE CAN GET ON WITH SERIOUS DISCUSSIONS. WE'RE NOT TRYING TO PUT PARTICULAR PRESSURE ON THE NORTH OTHER THAN TO NOTE WHAT IS LEGALLY REQUIRED -- INTERNATIONALLY REQUIRED -- AND THAT IS A RETURN TO THE SECURITY COUNCIL WHERE THE ISSUE WAS BROUGHT BY THE IAEA BECAUSE THAT'S WHAT IS PROVIDED IN THE AGENCY STATUTE.

ALL THIS IS TO SAY THAT I ANTICIPATE THAT THE CHINESE WILL HAVE DIFFICULTY WITH SANCTIONS, BUT I'M NOT GOING TO PREDICT HOW THEY WOULD ULTIMATELY VOTE IF THE SANCTIONS RESOLUTION CAME TO THE FLOOR, ESPECIALLY IF WE HAD BEEN CONVINCING, AS I THINK WE CAN BE, THAT WE HAVE DONE EVERYTHING WE COULD TO FIND ALTERNATIVES TO SANCTIONS AND THAT WE WERE THERE AS A LAST RESORT.

Q HOW ABOUT TOKYO? DO YOU GET A FEELING THAT THEY WOULD GO ALONG? THEY DON'T HAVE A VETO. WOULD THEY GO ALONG --

ASSISTANT SECRETARY GALLUCCI: IT IS TRUE THE JAPANESE DO NOT HAVE A VETO. BUT THE JAPANESE, FOR A VARIETY OF VERY GOOD REASONS, WOULD FIGURE PROMINENTLY

IN THE EFFECTIVENESS OF ANY SANCTIONS -- VIRTUALLY ANY SANCTIONS -- RESOLUTIONS THAT WERE VOTED. WE CONSULTED IN SOME DETAIL WITH THE JAPANESE DURING THIS LAST TRIP. I WOULD SAY THERE IS NO DAYLIGHT BETWEEN US AND THEM ON THIS. NOBODY IS PARTICULARLY ENTHUSIASTIC ABOUT SANCTIONS. BUT WE RECOGNIZE IF THAT TURNS OUT TO BE THE ONLY COURSE OPEN TO US, WE EXPECT THE JAPANESE WILL BE WITH US IN SUPPORTING THEM.

Q UNDERSTANDING THAT THE IAEA IS GOING TO BE MAKING THE TECHNICAL DETERMINATIONS ON WHEN THEY PULL THE FUEL WHAT IT IS THEY NEED TO HAVE, CAN YOU GO OVER SORT OF BASIC POSITIONS OF HOW MUCH SAMPLING YOU WOULD FIND APPROPRIATE, LOOKING AT THE STUFF THAT HAS COME

OUT? AND WHAT SORT OF GENERAL HANDS-ON THINGS WOULD YOU THINK WOULD BE NECESSARY FOR THIS INSPECTION TO BE ANYTHING BUT A -- NOT THE INSPECTION -- BUT THE OBSERVANCE OF THE CHANGING OF THE FUEL?

ASSISTANT SECRETARY GALLUCCI: I'M NOT GOING TO GO VERY FAR DOWN THAT ROAD BECAUSE THAT'S A ROAD THAT, REALLY, THE IAEA HAS CONTROL OF AS IT OUGHT TO.

I WILL SAY THAT THE WORD "PRESENCE" -- THAT THE IAEA MUST BE PRESENT AT THE DISCHARGE OF FUEL -- DOES NOT CAPTURE EVERYTHING THAT MUST HAPPEN. IT WILL NOT BE SUFFICIENT FOR THE IAEA INSPECTORS TO BE IN NORTH KOREA WHILE THIS IS HAPPENING. THEY'RE GOING TO HAVE MORE DEMANDING SETS OF

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ACTIVITIES TO BE CONDUCTED IF THEY ARE GOING TO PROVIDE THE ASSURANCES WITH RESPECT TO THE HISTORY AND DISPOSITION OF THAT FUEL THAT WE EXPECT OF THE AGENCY.

SO THE AGENCY WILL DEFINE TECHNICALLY, AND I THINK PROBABLY HAS DEFINED TECHNICALLY TO THE DPRK WHAT ACTIVITIES IT WILL NEED TO CONDUCT. THE DPRK AND THE IAEA ARE GOING TO HAVE TO TALK ABOUT THAT.

WITH RESPECT TO THE ACTUAL DETAILS, WHETHER THEY NEED TO BE TAKING ONE KIND OF SCAN VERSUS ANOTHER KIND OF SCAN AND WHAT KIND OF TECHNICAL ANALYSIS. WE'RE AWARE OF SOME OF THAT DETAIL. I DON'T THINK IT'S USEFUL FOR ME TO GO INTO IT BECAUSE WE WILL NOT MAKE AN INDEPENDENT JUDGMENT. WE WILL BE LOOKING FOR THE IAEA TO DETERMINE TECHNICALLY WHAT IT NEEDS TO DO, AND WE WILL SUPPORT THE IAEA IN THAT REQUIREMENT.

Q IS THE INVITATION, REGARDLESS OF HOW LIMITED IT MAY BE, IS THAT SEEN AS A GOOD SIGN BECAUSE THEY'RE AT LEAST ALLOWING A FOOT IN THE DOOR HERE? DO YOU REGARD THAT AS A GESTURE THAT IS COMPLIMENTARY TO THE SOUTH KOREAN GESTURE IN TERMS OF EXCHANGE OF SPECIAL ENVOYS AND SEQUENCING? HOW DO YOU VIEW IT FROM A TACTICAL --

ASSISTANT SECRETARY GALLUCCI: LET ME SAY, FIRST -- RECALL TO YOU THAT IN JUNE WE LAID OUT WHAT WE THOUGHT

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WERE VERY REASONABLE STANDARDS FOR OUR DIALOGUE THAT WE
NEEDED TO MAKE WERE MAINTAINED. ONE OF THEM WAS THE

CONTINUITY OF SAFEGUARDS KNOWLEDGE ON THE MATERIAL IN

THE DPRK. ANOTHER WAS THAT THERE BE IAEA PRESENCE IF
THE DPRK DECIDED IT NEEDED TO DISCHARGE FUEL FROM THAT
REACTION.

SO THE OFFER OF PRESENCE IS CONSISTENT WITH WHAT WE
WOULD HAVE EXPECTED THEM TO DO AS WELL AS, OF COURSE,
WHAT IS REQUIRED UNDER THE SAFEGUARDS AGREEMENT. SO,
YES, I GUESS AT THAT LEVEL I WOULD SAY WE ARE PLEASED TO
NOTE THEIR OFFER OF IAEA PRESENCE. WHAT THAT TRANSLATES
TO IN TERMS OF PERMITTED IAEA ACTIVITIES WILL DETERMINE
JUST HOW MUCH PLEASURE WE HAVE AT NOTING THAT.

BEYOND THAT, I WOULD ALSO NOTE THAT THE DPRK HAS
ALLOWED AS HOW THEY INTEND TO ALSO REFUEL THE REACTOR.
REFUELING THE REACTOR IS NOT A STEP WHICH WE ARE PLEASED
WITH. WE THINK IT'S A STEP IN THE WRONG DIRECTION. WE
WOULD HAVE LIKED TO SEE THEIR PROGRAM ESSENTIALLY FROZEN
WHILE WE ARE ENGAGED IN THESE DISCUSSIONS.

WE WOULD ASK THEM TO RECONSIDER THAT STEP OF
REFUELING THE REACTOR. THIS IS NOT A PRECONDITION OR A
CONDITION OF OUR TALKS, BUT WE JUST GENERALLY THINK THAT
IS NOT A STEP IN THE RIGHT DIRECTION.

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WHETHER THE DEFUELING ACTIVITY WITH THE PRESENCE OF
THE IAEA IS TO BE GREETED WITH ENTHUSIASM, I THINK, HAS
YET TO BE DETERMINED.

Q WHAT IS THE ACTUAL ATTITUDE OF THE SOUTH KOREAN
GOVERNMENT? IT SEEMS TO ME THAT AS THIS SITUATION HAS
DEVELOPED, THEY'VE ALWAYS TRIED TO PUT A BREAK ON THE
MORE RADICAL STATEMENTS OR MORE VIOLENCE STATEMENTS
COMING FROM THE UNITED STATES.

FOR INSTANCE, WHEN PRESIDENT CLINTON FIRST MADE HIS
COMMENTS AFTER A MEETING WITH THE SOUTH KOREAN FOREIGN
MINISTER, IT WAS MUCH MORE MILD THAN HE FIRST HAD
EXPRESSED HIMSELF. AND WHEN HE TALKED WITH THE SOUTH
KOREAN GOVERNMENT PEOPLE, IT SEEMS THAT PRIVATELY
THEY'RE STILL LOOKING FORWARD TO THE DAY WHEN KOREA
WOULD AGAIN BE REUNITED AND THEREFORE THEY WANT TO PLAY
THIS DOWN.

HOW HAS THE COLLABORATION WITH SOUTH KOREA BEEN?

AND HAVE THEY ALWAYS BEEN IN LINE WITH WHAT THE IAEA OR
WHAT THE U.S. WANTED IN RESPECT TO THE NORTH KOREAN
SITUATION?

ASSISTANT SECRETARY GALLUCCI: FIRST, I WANT TO
CLARIFY A POINT. THE REFERENCE TO RADICAL OR EXTREME
STATEMENTS FROM THE UNITED STATES, I KNOW YOU MUST BE
TALKING ABOUT OTHER THAN FROM AN ADMINISTRATION
SPOKESMAN, SINCE THERE HAVE BEEN NO SUCH STATEMENTS OUT
OF THE ADMINISTRATION.

Q LET'S SAY LESS MILD THAN WAS LATER EXPRESSED AT
A FURTHER DATE AFTER COLLABORATION WITH THE SOUTH

KOREANS?

ASSISTANT SECRETARY GALLUCCI: ACTUALLY, LET ME TAKE

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ISSUE FUNDAMENTALLY WITH THE PROPOSITION. I THINK THE
UNITED STATES HAS BEEN TRYING TO SEND A COUPLE OF
MESSAGES TO THE DPRK SPECIFICALLY, OF TO OTHERS AS WELL.

THE FIRST MESSAGE IS THAT WE HAVE AN ALLIANCE
RELATIONSHIP WITH THE REPUBLIC OF KOREA THAT WE HAVE
EVERY INTENTION OF HONORING AND THE REPUBLIC OF KOREA
CAN REMAIN CONFIDENT IN THAT COMMITMENT. THAT'S A VERY
IMPORTANT MESSAGE. ONE CAN SAY THAT AND ONE CAN
CONSTRUE THAT IF ONE WISHES AS EXTREME, BUT THAT IS A
FACT.

A SECOND FACT IS THAT WE ARE COMMITTED TO THE
NON-PROLIFERATION OBJECTIVES THAT WE HAVE DEFINED IN
THIS CASE. WE HAVE SOME UNCERTAINTIES AS HAVE BEEN
IDENTIFIED ABOUT WHAT EXACTLY EXISTS IN NORTH KOREA AT
THE MOMENT. THOSE UNCERTAINTIES ARE NOT TO BE SURPRISED
AT. IT IS A CLOSED SOCIETY.

AT THE SAME TIME, THERE SHOULD BE NO DOUBT OR
UNCERTAINTY OVER OUR OBJECTIVES, WHICH IS TO HAVE NO
NUCLEAR WEAPONS IN NORTH KOREA, TO HAVE NO SEPARATED
FISSILE

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MATERIAL IN NORTH KOREA AND TO HAVE NO FACILITY CAPABLE
OF PRODUCING FISSILE MATERIAL, REPROCESSING OR

ENRICHMENT.

THESE ARE PRETTY CLEAR OBJECTIVES. NOW, YOU TALK
ABOUT OUR RELATIONSHIP WITH THE REPUBLIC OF KOREA.

THE REPUBLIC OF KOREA AND WE, WE ARE AS CLOSE IN OUR
CONSULTATIONS AS I AM AWARE OF IN MY 20 YEARS IN THIS
BUSINESS. WE TALK FREQUENTLY. NEEDLESS TO SAY, THIS IS
AN ISSUE OF NOT ONLY OVERRIDING FOREIGN POLICY BUT
DOMESTIC POLICY CONCERN IN THE REPUBLIC OF KOREA AS WELL
AS IN THE UNITED STATES. SO IT IS NATURAL THAT WE ARE
GOING TO HAVE CLOSE CONSULTATIONS AND HAVE TO DO THAT TO
WORK OUT TACTICAL POSITIONS THAT WE TAKE WITH THE NORTH.

I DON'T THINK THAT EITHER ONE OF US IS ACTING AS A
GOVERNOR OR THERMOSTAT ON THE REMARKS OF THE OTHER.
REMARKS IN ANY PARTICULAR TIME, WHEN DIFFERENT WORDS ARE
USED, CAN BE INTERPRETED AS MOVING IN A DIFFERENT
DIRECTION, BUT I DON'T WE HAVE. I THINK OUR COMMITMENT
TO THE DEFENSE OF SOUTH KOREA AND OUR OBJECTIVES WITH
THE NORTH ARE GOOD, SOLID, CLEAR OBJECTIVES IN
STATEMENTS WE'VE MADE FROM THE BEGINNING AND THAT THE
SOUTH IS EXACTLY IN THE SAME PLACE.

ON ANY PARTICULAR DAY, WE MAY HAVE A DISCUSSION OF
WHAT MODALITY IS BEST TO PURSUE A DISCUSSION. THAT'S
ALL REASONABLE, FAIR, AND WELL. I THINK YOU WOULD BE
SURPRISED IF THAT WASN'T TRUE.

Q AT THE TIME WHEN THE SECURITY COUNCIL STATEMENT
WAS ISSUED, WE WERE TOLD THIS WAS THE FIRST SMALL STEP

OF SEVERAL THAT WERE GOING TO UNFOLD AND SLOWLY RATCHET
UP THE INTERNATIONAL PRESSURE ON NORTH KOREA AND ISOLATE
WHAT IS ALREADY THE MOST ISOLATED COUNTRY IN THE WORLD.

WHAT MIGHT CONSTITUTE THE NEXT STEPS, AND WHEN MIGHT
WE SEE THEM?

ASSISTANT SECRETARY GALLUCCI: ACTUALLY, MOST OF US
HOPE THAT WAS THE LAST STEP, NOT THE FIRST STEP. OUR

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OBJECTIVE IS NOT TO GET BACK TO THE SECURITY COUNCIL.
OUR OBJECTIVE IS TO STAY AWAY FROM THE SECURITY COUNCIL,
GET ON WITH NEGOTIATIONS AND SETTLE THIS THROUGH A
DIPLOMATIC ROUTE AND NOT HAVE TO GO BACK TO THE SECURITY
COUNCIL.

HOWEVER, IF THE DIRECTOR GENERAL OF THE IAEA MAKES A
REPORT THAT THE SECURITY COUNCIL JUDGES LEADING TO THE
NECESSARY CONCLUSION THAT THEY HAVE TO ONCE AGAIN TAKE
UP THE ISSUE, THEY WILL. IF THEY ONCE AGAIN TAKE UP THE
ISSUE, THERE'S NO DOUBT THAT THERE WILL BE DISCUSSION
ABOUT WHEN AND IF SANCTIONS OUGHT TO BE CONSIDERED AND
WHAT KINDS OF SANCTIONS OUGHT TO BE CONSIDERED. THAT'S

OFF IN THE FUTURE.

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AND, AS I SAID TO YOU, I AM PRINCIPALLY FOCUSED, AS
ARE MY COLLEAGUES, ON TRYING TO FIND A DIPLOMATIC
SOLUTION TO THIS; NOT A WAY TO THE SECURITY COUNCIL.

Q JUST A QUESTION ON THE REFUELING/DEFUELING
ISSUE. THERE ARE SOME THINGS -- SOME REPORTS THAT GIVE
THE IMPRESSION THAT THIS IS A VERY SMALL WINDOW THAT IS
GOING TO HAPPEN IN THE NEXT FEW DAYS REALLY.

MY FIRST QUESTION, I GUESS, IS IF THEY DO THIS
WITHOUT PRESENCE, ISN'T THAT DE FACTO A BREAK IN
SAFEGUARDS, AND DOESN'T THAT SERVE -- WOULDN'T THAT
CHANGE THINGS A GREAT DEAL?

AND THE SECOND IS, I GUESS, WHAT IS THE TIME-FRAME
FOR ALL THIS HAPPENING? I'VE HEARD THE TEN-DAY PERIOD,
AND THINGS LIKE THAT.

ASSISTANT SECRETARY GALLUCCI: IT IS OUR VIEW, AS I
TOLD YOU, THAT HAVING THE IAEA PRESENT FOR THE DISCHARGE
OF THE FUEL IS ONE OF THE STANDARDS WE SET FOR THE
CONDUCT OF THE DIALOGUE, AND I'M GOING TO LEAVE THAT
STATEMENT RIGHT THERE.

WITH RESPECT TO WHAT THIS MEANS TECHNICALLY IN TERMS
OF SAFEGUARDS, I'M GOING TO LEAVE YOU TO ASK THAT TO THE
IAEA, RATHER THAN GUESSING AT WHAT THEY WILL SAY TO
THAT, BECAUSE THAT ACTUALLY DOES GET INTO SOME VERY
INTERESTING TECHNICAL QUESTIONS, ABOUT REESTABLISHING
CONTINUITY OF SAFEGUARDS, KNOWLEDGE, ET CETERA, AND THE
PEOPLE WHO LIVE, BREATHE SAFEGUARDS, SPEAK A SEPARATE
LANGUAGE, AND I PREFER YOU HEAR THE ANSWER IN THAT
LANGUAGE RATHER THAN ME TRYING TO GUESS AT IT.

Q I DON'T THINK THIS IS A VERY HIGHLY TECHNICAL
ISSUE REALLY.

ASSISTANT SECRETARY GALLUCCI: IT IS A HIGHLY
TECHNICAL ISSUE.

Q WELL, IF THEY TAKE SPENT FUEL RODS OUT OF THEIR
REACTOR AND DO WHATEVER THEY WANT TO DO WITH THEM, AND

THERE IS NO OUTSIDE OBSERVER VIEWING THIS, I DON'T THINK
WE HAVE TO BE VERY TECHNICAL TO SAY THAT'S A VERY
SERIOUS PROBLEM.

ASSISTANT SECRETARY GALLUCCI: NO. THAT'S THE
PROBLEM I SPOKE TO WHEN I SAID THAT WE REQUIRE THE
PRESENCE OF THE IAEA FOR THE DISCHARGE OF THE FUEL.

WHEN YOU --

Q WHEN YOU DISCHARGE FUEL WITHOUT THE IAEA, WHAT
--

ASSISTANT SECRETARY GALLUCCI: -- AND I SAID THAT
FOR US BILATERALLY WITH THE DPRK, WE SAID THAT ONE OF
THE

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STANDARDS FOR A DIALOGUE WAS TO HAVE THE IAEA PRESENT AT
THE DISCHARGE.

NOW, THE IAEA WILL THEN DETERMINE WHAT PRESENCE
MEANS, AND THAT IS A HIGHLY TECHNICAL QUESTION, AND

THAT'S THE QUESTION THAT I DON'T WANT TO GO INTO, NOT
THE DESIRABILITY OF HAVING INSPECTORS THERE. I HAVE
SPOKEN TO THAT, AND IT IS CERTAINLY DESIRABLE AT THAT
LEVEL. SO I TAKE YOUR POINT AT GOING THAT FAR. GOING
FURTHER, I WISH YOU TO PUT THE QUESTION TO THE IAEA.

ABOUT THE TIMING ISSUE, THIS SUGGESTION THAT THERE
IS A DEADLINE, WHAT I UNDERSTAND IS THAT THE DPRK WOULD
LIKE TO DISCHARGE THE FUEL FROM THE REACTOR AND MAY
BELIEVE THERE ARE TECHNICAL REASONS FOR DOING SO. THEY
ALSO UNDERSTAND THE NEED TO HAVE IAEA PRESENCE. I
SUSPECT THEY HAVE A CERTAIN FLEXIBILITY WITH THE
DISCHARGE OF THAT FUEL, AND IF THEY NEED IT TO REACH
AGREEMENT WITH THE AGENCY, I CERTAINLY HOPE THEY USE IT.

CHRISTINE, I HAVE A SENSE OF YOUR PRESENCE.

MS. SHELLY: YES. THIS IS THE SIGNAL FOR ONE LAST
QUESTION, A QUICK ONE.

Q DO YOU HAVE A RELIABLE ESTIMATE OF THE AMOUNT
OF MONEY THAT WAS FROM JAPAN TO NORTH KOREA, AND DID YOU
GET ANY ASSURANCE THAT THE JAPANESE GOVERNMENT WOULD
STOP IT WHEN THE SANCTION APPLIES?

ASSISTANT SECRETARY GALLUCCI: I DON'T, OFF THE TOP
OF MY HEAD, HAVE SUCH A NUMBER, AND BY SAYING THAT I
DON'T MEAN THAT IF YOU ASK ME AFTERWARDS I COULD LOOK IT
UP. I MEAN, I DON'T KNOW WHAT THE NUMBER IS. I
UNDERSTAND THAT THIS TRANSFER OF FUNDS FROM KOREANS
LIVING IN JAPAN IS SUBSTANTIAL AT LEAST IN TERMS OF

NORTH KOREAN FOREIGN EXCHANGE. BUT I DON'T KNOW WHAT
THE NUMBER IS. THERE MAY BE THOSE WHO DO.

WITH RESPECT TO WHAT THE JAPANESE WOULD DO, I SAID
BEFORE THEY INDICATED THAT THEY WOULD BE COOPERATIVE,
SUPPORTIVE, AND ACTIVELY SO. AND I TAKE THEM AT THEIR
WORD, AND I ASSUME THAT THESE SORTS OF TRANSFERS, TO THE
EXTENT THE JAPANESE WERE CAPABLE OF AFFECTING THEM,
SHOULD A SANCTIONS REGIME COME INTO EFFECT, WOULD BE
INCLUDED. BUT THERE ARE AN AWFUL LOT OF "IFS" IN THAT
ENTENCE.

THANK YOU ALL, VERY MUCH.

DAILY BRIEFING CONTINUED WITH CHRISTINE SHELLY,
SPOKESMAN FOR THE STATE DEPARTMENT, COMMENCING AT 1:20
P.M.)

MS. SHELLY: I HAVE A COUPLE OF ANNOUNCEMENTS BEFORE
WE CONTINUE WITH THE REST OF THE QUESTIONS ON OTHER
SUBJECTS.

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ON FRIDAY, APRIL 29TH, AT THE STATE DEPARTMENT, THE U.S. SECRETARY OF TRANSPORTATION, FEDERICO PENA WILL HOST A MEETING OF HIS COUNTERPARTS FROM CANADA AND MEXICO TO DISCUSS IMPLEMENTATION OF NAFTA.

SECRETARY PENA WILL BE JOINED BY MINISTER YOUNG OF CANADA, AND SECRETARY GAMBOA OF MEXICO, AS THE THREE

COUNTRIES FOCUS ON THE LINKING OF CANADA, THE UNITED STATES AND MEXICO THROUGH SOUND INFRASTRUCTURE.

THE THREE INDIVIDUALS WILL BE THEN GIVING A PRESS CONFERENCE HERE AT THE STATE DEPARTMENT. THIS WILL BE IN ROOM 1912 AT 1:45 IN THE AFTERNOON ON FRIDAY.

ALSO, I DID WANT TO GIVE YOU A BRIEF BIT OF

INFORMATION ON SOMETHING THAT WAS IN THE PAPER THIS MORNING ON THE DIPLOMATIC SOCCER TOURNAMENT.

I KNOW THERE ARE SEVERAL AVID SPORTS FANS AMONGST YOU, ALTHOUGH I THINK ONE OR TWO OF THEM MAY BE MISSING TODAY, BUT NONETHELESS I WANT TO BRING YOU UP TO DATE ON EXACTLY WHAT THIS WAS AND WHAT STATE DEPARTMENT'S INVOLVEMENT IN THIS HAS BEEN.

THE DIPLOMATIC CUP IS A SPORT AWARD OF THE WORLD DIPLOMATIC COMMUNITY THAT IS HELD EVERY FOUR YEARS IN THE HOST COUNTRY OF THE WORLD SOCCER CHAMPIONSHIP. THE COMPETITION INVOLVES THE DIPLOMATIC CORPS, AND IS GOVERNED BY AN ORGANIZING EXECUTIVE COMMITTEE COMPRISED OF REPRESENTATIVES OF THE DIPLOMATIC MISSIONS OF THE QUALIFYING COUNTRIES, AND THE HIGHEST DIPLOMATIC INSTITUTION OF THE HOST COUNTRY.

THE PARTICIPANTS ARE THE DIPLOMATIC MISSIONS OF THE QUALIFYING COUNTRIES -- THERE ARE 23 OF THEM THIS YEAR -- FOR THE FINAL GAMES, AND FOREIGN AFFAIRS OFFICERS OF THE HOST COUNTRY.

THE STATE DEPARTMENT WAS ASKED TO FIELD A TEAM UNDER THE MANAGEMENT OF THE WASHINGTON, D. C. HOST COMMITTEE. GAMES WILL BE HELD ON SUCCESSIVE SATURDAYS AT VENUES IN THE WASHINGTON AREA. ACTUALLY THEY BEGAN ON APRIL 23RD, AND THEY WILL CONCLUDE WITH THE FINAL FOUR GAMES TO BE HELD ON THE ELLIPSE ON SATURDAY, MAY 21ST.

DEPARTMENT DESK OFFICERS OF THE QUALIFYING COUNTRIES WERE ASKED TO ANNOUNCE THE TOURNAMENT AND TO REQUEST THOSE INTERESTED IN PLAYING TO CONTACT THE DEPARTMENT COORDINATOR IN OUR BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS IN PPC.

THAT PARTICULAR INDIVIDUAL IS OUR ILLUSTRIOUS PUBLIC AFFAIRS ADVISER, BERNIE ENGEL, WHO IS ALSO INFORMALLY KNOWN AS THE SPORTS CZAR IN THE STATE DEPARTMENT.

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SO ANY OF YOU WHO MIGHT WISH INFORMATION ON THIS, I DO HAVE TO NOTE BEFORE CLOSING, THAT THE DEPARTMENT TEAM PARTICIPATED IN AND WON BOTH OF THEIR MATCHES. ON APRIL 23RD, THE STATE DEPARTMENT DEFEATED COLUMBIA, ONE TO

ZERO, AND ROMANIA, THREE TO TWO. AND I WOULD NOTE THAT THE NEXT MATCH IS SCHEDULED FOR NEXT SATURDAY MORNING.

SO ON THAT NOTE, I'LL BE HAPPY TO TAKE YOUR QUESTIONS ON OTHER SUBJECTS.

Q WHAT ARE YOU SEEING ON THE GROUND IN BOSNIA? DOES IT APPEAR THAT BOSNIAN-SERBS HAVE IN FACT WITHDRAWN THEIR FORCES FROM THE 20-KILOMETER EXCLUSION ZONE?

Q WHAT'S THE SCORE IN THAT PARTICULAR CONTEST, AS WELL SERBS LB, U.S. NIL.

MS. SHELLEY: WELL, I DON'T HAVE ANYTHING FOR YOU ON THE LATTER QUESTION.

ON THE FIRST ONE, THE SERBS FOR NOW APPEAR TO HAVE PULLED THEIR TROOPS THREE KILOMETERS IN COMPLIANCE WITH THE APRIL 22ND NATO ULTIMATUM. WE HAVE REPORTED ON THE EQUIPMENT ON THAT EARLIER.

THEY HAVE CEASED THEIR ATTACK ON THE U.N. DECLARED SAFE AREA OF GORAZDE, AND HAVE ALLOWED SOME 450 U.N. PEACEKEEPERS AND THREE CONVOYS WITH HUMANITARIAN ASSISTANCE TO BE BROUGHT INTO THE TOWN.

THERE WAS A REPORT YESTERDAY THAT ONE OF THESE CONVOYS WAS DELAYED BY THE SERBS, BUT THIS WAS ALLOWED TO GO INTO GORAZDE TODAY.

WE ARE MONITORING THE SITUATION VERY CLOSELY WITH RESPECT TO THE SERB WITHDRAWAL OF THE HEAVY WEAPONS FROM THE 20-KILOMETER EXCLUSION ZONE. THE DEADLINE, WHICH YOU KNOW, EXPIRES AT 8 O'CLOCK P.M. THIS EVENING WASHINGTON TIME. FROM WHAT WE UNDERSTAND A SIGNIFICANT NUMBER OF THE WEAPONS HAVE ALREADY BEEN MOVED OUT IN COMPLIANCE WITH THE 20-KILOMETER EXCLUSION ZONE AREA AND

WEAPONS ARE CONTINUING TO MOVE.

I'M NOT YET IN A POSITION TO CONVEY ANYTHING MORE DEFINITIVE THAN THE MOVEMENT THAT WE ARE SEEING AND THE TRENDS IN THAT, BUT THAT'S WHAT WE CAN TELL YOU SO FAR.

Q (INAUDIBLE) WEAPONS AND TROOPS FROM THE 20-MILE

--

MS. SHELLEY: I'D HAVE TO GO BACK AND CHECK THE DECISION ON THAT, BUT I'LL CHECK ON THAT. MY INFORMATION ADDRESSES JUST THE WEAPONS. I'D HAVE TO

CHECK ON THE PART ABOUT THE TROOPS.

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Q WHEN TIME RUNS OUT, CHRISTINE, WHO WILL BE MAKING THE DECISION OF AIR STRIKES WILL BE CALLED IN? WOULD THAT BE BOUTROS-GHALI? WOULD IT BE SIR MICHAEL ROSE? OR WOULD IT BE THE NATO COMMANDER? WHO WOULD GIVE THE -- WHO WOULD MAKE THE CALL ON THAT?

MS. SHELLEY: I THINK THE DECISIONS ARE PRETTY CLEAR ON THAT, AND I THINK THE CONDITIONS REGARDING THE EXACT CIRCUMSTANCES ON THAT HAVE BEEN MADE CLEAR, ALSO IN THE RECENT STATEMENTS PUT OUT BY THE U.N.

IF THERE IS FAILURE TO COMPLY, NATO WILL ACT. NATO WILL CERTAINLY BE THE ORGANIZATION UNDERTAKING THE ACTION, AND THEY WILL DO SO IN CONSULTATION WITH THE

UNITED NATIONS, WITH UNPROFOR.

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Q ON THE MATTER OF WEAPONS, WILL IT WORK LIKE IN SARAJEVO WHERE THEY CAN PUT THEM IN CANTONMENT UNDER U.N. SUPERVISION, OR DO THEY HAVE TO GET THEM OUT OF THE 20-KILOMETER DIAMETER ZONE?

MS. SHELLY: MY UNDERSTANDING IS THEY HAVE TO PHYSICALLY WITHDRAW THE WEAPONS.

Q AND IF THEY DON'T, THEN THEY ARE SUBJECT TO ATTACK STARTING AT 8 P.M. TONIGHT, WASHINGTON TIME?

MS. SHELLY: THAT'S CORRECT.

Q ON THEIR LAST WITHDRAWAL, THEY CONDUCTED A SCORCHED EARTH POLICY WHICH YOU REFERRED TO YESTERDAY, AND THE U.N. ISSUED A STATEMENT PROTESTING AGAINST THIS. IS THERE ANYTHING CONCRETE THAT CAN BE DONE TO PREVENT THEM DOING SOMETHING SIMILAR IN THIS WITHDRAWAL?

MS. SHELLY: WELL, I THINK -- WE CERTAINLY ARE WATCHING THE DEVELOPMENTS CLOSELY TO SEE WHAT'S GOING ON. I HAVE NOT SEEN ANY NEW INDICATIONS TODAY TO SUGGEST THAT THAT KIND OF ACTIVITY HAS BEEN CONTINUING. IT'S POSSIBLE THAT IT HAS, AND WE JUST DON'T HAVE THE REPORTS.

I THINK THE INTERNATIONAL COMMUNITY PRONOUNCED ITSELF RATHER STRONGLY YESTERDAY ABOUT INCLUDING -- WE DID HEAR ABOUT -- THAT WE CONSIDER THAT TYPE OF ACTIVITY

WAS UNACCEPTABLE, AND WE WOULD HOPE THAT THEY WOULD STOP.

AS THEY WITHDRAW, AS THEY ARE PHYSICALLY PASSING THROUGH AREAS, I DON'T KNOW HOW MUCH IN PRACTICAL TERMS CAN BE DONE TO STOP THEM. BUT CERTAINLY THE SPIRIT IN WHICH THEY WITHDRAW AND THE ACTUAL TYPES OF ACTIONS THAT THEY'RE ENGAGED IN IS SOMETHING THAT THE INTERNATIONAL COMMUNITY IS WATCHING VERY CLOSELY.

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Q IS ANY INVESTIGATION GOING ON TO DETERMINE WHETHER WAR CRIMES WERE COMMITTED IN GORAZDE IN THE LAST COUPLE OF WEEKS?

MS. SHELLY: I WOULD EXPECT THAT REPORTS, AS THEY CONTINUE TO COME OUT, WILL BE EVALUATED AND THEN REFERRED TO THE WAR CRIMES TRIBUNAL IN THE SAME KIND OF MECHANISM THAT HAD BEEN SET UP UNDER U.N. SECURITY COUNCIL RESOLUTIONS. I HAVE NO REASON TO BELIEVE THERE WOULD BE ANY KIND OF DIFFERENT REGIME FOR GORAZDE.

Q A DIFFERENT SUBJECT?

Q NO. ONE MORE ON BOSNIA. I'M UNCLEAR ABOUT WHAT THIS CONTACT GROUP IS SUPPOSED TO DO. WHAT WILL BE DIFFERENT AS A RESULT OF IT?

MS. SHELLY: SECRETARY CHRISTOPHER AND HIS COUNTERPARTS, AFTER THEIR LONDON MEETINGS, AGREED THAT IT WOULD BE DESIRABLE TO ASSEMBLE A GROUP OF SENIOR

EXPERTS THAT WOULD COME FROM THE U.S., RUSSIA THE EUROPEAN UNION, AND THE UNITED NATIONS TO BACKSTOP THE RENEWED DIPLOMATIC EFFORTS WHICH ARE UNDERWAY AS YOU KNOW, WITH A VIEW TO ACHIEVING A FINAL SETTLEMENT.

THIS GROUP IS KNOWN AS THE CONTACT GROUP. THEY'RE SUPPOSED TO COORDINATE THE EFFORTS OF THE INTERNATIONAL

COMMUNITY AND TRY TO PROMOTE AN EARLY CESSATION OF HOSTILITIES AND TRY TO, OBVIOUSLY, FIND THE WAY TO ARRIVE AT A COMPREHENSIVE SETTLEMENT FOR THE CONFLICT.

I UNDERSTAND THAT THESE MEETINGS WERE ACTUALLY

STARTING -- I THINK THEY STARTED IN LONDON YESTERDAY. I THINK I SAID THAT THEY MIGHT BE STARTING IN GENEVA. THAT WAS NOT CORRECT. THEY ARE STARTING IN LONDON. I THINK THEY'RE SUPPOSED TO RUN FOR ANOTHER DAY OR TWO. WE'LL HAVE TO SEE WHAT COMES OUT OF THAT, BUT I DON'T HAVE MUCH MORE TO SHARE WITH YOU ON THIS AT THIS POINT.

Q ANOTHER SUBJECT?

MS. SHELLY: ANYTHING ELSE ON BOSNIA? SURE.

Q ON HAITI: ANYTHING YOU CAN ADD TO REPORTS TODAY THAT AS MANY AS 30 HAITIAN CIVILIANS WERE MASSACRED BY MILITARY FORCES THERE?

MS. SHELLY: YES. I LOOKED INTO THAT AS WE GOT THE WIRE SERVICE REPORTS YESTERDAY. WE WERE TRYING TO DETERMINE WHETHER OR NOT WE COULD ACTUALLY CONFIRM THE

REPORTS THAT HAVE COME OUT. THEY ARE BASED ON REPORTS BY RELIABLE WITNESSES BUT THE DETAILS ARE RATHER SKETCHY. SO I'M NOT IN A POSITION TO CONFIRM WHAT THEY HAVE FOUND AT THIS TIME.

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OUR EMBASSY IN PORT-AU-PRINCE IS SENDING A TEAM TO GONAIVES -- I BELIEVE THAT'S THE CORRECT PRONOUNCIATION -- TOMORROW TO INVESTIGATE, AND WE HOPE TO HAVE MORE NEWS ON THIS SHORTLY. WE DON'T HAVE INFORMATION ON THE NUMBER OF DEAD OR ON THE IDENTITIES OF THE VICTIMS.

I KNOW THAT SOME OF THE REPORTS INDICATE THAT THEY WERE ARISTIDE SUPPORTERS AND THAT THEY WERE VICTIMS OF THE HAITIAN MILITARY. WE'VE SEEN THOSE REPORTS ALSO. BUT UNTIL WE HAVE A CHANCE TO DO A LITTLE BIT OF OUR OWN INVESTIGATION ON THIS, I'M REALLY NOT IN A POSITION TO CONFIRM ANY OF THE DETAILS.

Q IF IT TURNS OUT THAT IT IS -- THAT THE MILITARY AS RESPONSIBLE FOR THIS, DOESN'T IT LOOK LIKE THE MILITARY IS SIMPLY THUMBING ITS NOSE NOW AT U.S. EFFORTS TO SOMEHOW REIGN IN THE ATROCITIES BEING COMMITTED THERE?

MS. SHELLY: I DON'T WANT TO GET TOO SPECULATE ON THIS. WE ARE VERY, VERY CONCERNED ABOUT THE REPORT AND COULD CERTAINLY BE CONCERNED ABOUT WHO WOULD BE

PERPETRATING SUCH A HEINOUS ACT. WE WILL INVESTIGATE THE INCIDENT IN TERMS OF THE HUMAN RIGHTS VIOLATIONS

WHICH MIGHT HAVE OCCURRED.

WE THINK THAT PERHAPS INCREASING THE NUMBER OF INTERNATIONAL HUMAN RIGHTS OBSERVERS IN HAITI WOULD BE SOMETHING THAT WOULD BE A GOOD IDEA. WE WOULD STRONGLY SUPPORT THIS AND BELIEVE THAT IT COULD ACT AS A DETERRENT TO EPISODES OF VIOLENCE OF THIS KIND.

ONCE, IN THE LONGER TERM, DEMOCRACY COULD BE RESTORED TO HAITI, WE WOULD HOPE THAT WE COULD PROVIDE AID IN THE AREA OF THE ADMINISTRATION OF JUSTICE AND POLICE TRAINING, PROGRAMS THAT WE HOPE IN THE LONGER RUN COULD GUARD AGAINST THIS TYPE OF VIOLENCE.

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Q ANOTHER SUBJECT. DO YOU HAVE ANYTHING ON CUBA? THIS NEW APPROVAL FOR IDB, FOR A COMPANY TO DEAL WITH CUBA ON TELECOMMUNICATIONS?

MS. SHELLY: WE ADDRESSED THIS AT THE BRIEFING, I THINK, A COUPLE OF WEEKS AGO -- THE GENERAL TELECOMMUNICATIONS ISSUE. I DON'T HAVE THAT GUIDANCE WITH ME TODAY. WHAT I WOULD LIKE TO DO ON THAT IS REFER YOU TO THE PRESS OFFICE.

WE HAD ADDRESSED IT ONCE BEFORE, AND WE DID HAVE SOME GUIDANCE ON THAT. SO IF YOU --

Q THERE'S A STORY FROM YESTERDAY -- IDB WORD COMMUNICATIONS.

MS. SHELLY: I DON'T HAVE ANYTHING NEW SINCE

YESTERDAY. THE GENERAL POLICY ABOUT THE TELECOMMUNICATIONS

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CONTACTS AND THE CONTRACTS THAT WERE SIGNED BY THREE COMPANIES, I THINK WE HAD QUITE A BIT OF INFORMATION ON THAT. THAT WOULD BE AVAILABLE IN THE PRESS OFFICE.

Q THE CHINESE DISSIDENT WANG JUNTAO IS IN WASHINGTON TODAY, I BELIEVE. DO YOU KNOW IF HE'S GOING TO BE MEETING WITH ANYBODY AT THE STATE DEPARTMENT?

MS. SHELLY: ACTUALLY, I DON'T HAVE PRECISE INFORMATION ON HIS WHEREABOUTS TODAY. SO YOU MAY KNOW

MORE THAN I DO ABOUT WHERE HE IS. I KNOW HE CAME TO THE UNITED STATES A DAY OR TWO AGO WHERE HE IS TO RECEIVE MEDICAL ATTENTION.

WE WELCOME THE DECISION BY THE CHINESE AUTHORITIES TO RELEASE WANG JUNTAO ON MEDICAL PAROLE. AS YOU ALSO KNOW, THERE ARE SEVERAL OTHER CASES THAT ARE SIMILAR TO WANG'S, AND WE HOPE THAT IN THE FUTURE WE'RE GOING TO SEE SIMILAR RELEASES THAT MIGHT OCCUR IN THIS WAY.

I WILL CHECK AND SEE IF HE'S IN WASHINGTON TODAY AND WHAT HE MIGHT BE DOING. AS I SAID, I DON'T HAVE THAT INFORMATION WITH ME. BUT IF I CAN GET AN ANSWER TO THAT, THEN WE CAN TELL YOU SOMETHING ADDITIONAL. WE'LL PUT AN ANSWER UP THIS AFTERNOON.

OTHER QUESTIONS? NOTHING? THANK YOU. TALBOTT

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MILITARY ADDRESSEES ALSO FOR POLADS

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E.O. 12958: DECL: 12/19/00

TAGS: MCAP, MARR, MASS, PREL, GR, TU, CY, US

SUBJECT: ATACMS SALE TO TURKEY: RESPONDING TO ARSENIS

REF: A) ATHENS 11172, B) PFLAUMER-MILLER 12/19/95 TELCON

1. (U) CLASSIFIED BY CAREY CAVANAUGH, EUR/SE DIRECTOR.
REASON: 1.5 (A).

2. (SBU) THE FOLLOWING IS DRAWN FROM PRESS GUIDANCE ON THE ATACMS SALE TO TURKEY, PREPARED ON DECEMBER 18 AND 19. PARAGRAPHS MARKED SBU WERE FOR THE BRIEFER'S USE ONLY. EMBASSY ATHENS MAY DRAW ON BOTH THE UNCLASSIFIED AND SBU SECTIONS IN RESPONDING TO ARSENIS IN YOUR 12/20 MEETING. BEGIN TEXT:

3. (U) Q: AT WHAT STAGE IS THE ATACMS SALE? ARE THERE ANY CONTRACTUAL LIMITS ON ITS USE?

A: THE STATUTORY NOTIFICATION PERIOD TO THE CONGRESS HAS EXPIRED, AND WE ARE MOVING FORWARD WITH THE SALE.

THE ATACMS IS A SEMI-GUIDED MISSILE FOR STRIKING HIGH VALUE TARGETS, SUCH AS MISSILE AND COMMUNICATIONS SITES.

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IT IS AN IDEAL WEAPON FOR THE VERY REAL MISSILE THREAT TURKEY FACES FROM IRAQ, IRAN OR SYRIA. IT IS NOT A USEFUL WEAPON FOR TURKEY'S CONFLICT WITH THE TERRORIST KURDISTAN WORKERS' PARTY. EACH MISSILE COSTS OVER ONE MILLION DOLLARS.

5. (U) Q: ACCORDING TO A REUTER REPORT1 THE GOVERNMENT

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OF CYPRUS HAS LODGED A PROTEST WITH THE UNITED STATES REGARDING THE SALE OF ATACMS TO TURKEY. IS THIS TRUE? ARE THERE ANY CONDITIONS THE U.S. HAS PLACED ON THE SALE TO PREVENT THE MISSILES BEING USED AGAINST CYPRUS?

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A: WE DO NOT DISCUSS THE SPECIFICS OF DIPLOMATIC EXCHANGES WITH OTHER STATES, BUT WE HAVE RECEIVED AN INQUIRY FROM THE CYPRIOT EMBASSY.

AS REGARDS CONDITIONS ON THE SALE, THERE ARE SUBSTANTIAL CONTRACTUAL RESTRICTIONS ON ALL U.S. WEAPONS SALES ABROAD. THESE ARE DESCRIBED IN U.S. LAW AND IN OUR AGREEMENTS WITH TURKEY.

U.S. LAW LIMITS THE PURPOSES FOR WHICH WE CAN SELL MILITARY EQUIPMENT TO SELF DEFENSE, INTERNAL SECURITY,

[REDACTED]

[REDACTED]

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PARTICIPATION IN AN INTERNATIONAL ORGANIZATION, AND HUMANITARIAN ASSISTANCE.

-- VIOLATION OF THESE PROVISIONS WOULD BE CAUSE FOR CANCELLATION OF ALL SALES AND TRANSFERS OF MILITARY EQUIPMENT. THESE PROVISIONS ARE STANDARD FOR ALL MILITARY SALES AGREEMENTS. THE GOVERNMENTS TO WHICH THE U.S. MAKES THESE SALES ARE WELL AWARE OF THEIR IMPORTANCE.

6. (SBU) ALL ARMS SALES TO TURKEY (AND TO GREECE) ALSO CARRY RESTRICTIONS THAT ARTICLES WILL NOT BE TRANSFERRED TO CYPRUS OR OTHERWISE USED TO FURTHER THE SEVERANCE OR DIVISION OF THE ISLAND (AS IS SPELLED OUT IN SECTION 620C (E) (1) OF THE FOREIGN ASSISTANCE ACT).

END TEXT.

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EXCISE

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FOR CHARGE FROM EUR/SE

E.O. 12356: DECL: OADR
TAGS: AMGT
SUBJECT: OFFICIAL-INFORMAL

1. ENTIRE TEXT).

2. HEARINGS ON TURKEY: WE LEARNED TODAY THAT OSCE IS
PLANNING A DAY OF HEARINGS ON TURKEY'S HUMAN RIGHTS
SITUATION SOMETIME EARLY IN SEPTEMBER. CHRIS SMITH WILL
CHAIR. WITNESSES ARE NOT YET DETERMINED.

3. MOLOTOV COCKTAILS: ON/ABOUT JULY 21, FIVE MOLOTOV

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COCKTAILS WERE FOUND NEAR THE TURKISH EMBASSY. THE SECRET
SERVICE WAS NOTIFIED OF THE DISCOVERY, MADE BY A RESIDENT
IN THE AREA, BUT DID NOT IMMEDIATELY CONNECT THE DISCOVERY

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WITH THE TURKISH EMBASSY. HENCE, DS WAS NOT NOTIFIED UNTIL JULY 31. DS PROTECTIVE SERVICES IS NOW ON INCREASED ALERT REGARDING THE EMBASSY.

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4. FY 95 ESF: IN THE ABSENCE OF MARSHALL ADAIR, MARTY ADAMS WILL MEET WITH TERRY PEEL ON THURSDAY TO ANSWER QUESTIONS REGARDING FY 95 ESF. USAID AND H WILL ALSO ATTEND.

5. DEMIREL VISIT: YOU SHOULD TODAY RECEIVE AUTHORIZATION TO CONVEY TO PRES. DEMIREL AN INVITATION FOR A WORKING VISIT ON OCTOBER 18. THIS COMPROMISE WAS WORKED OUT AT THE WHITE HOUSE. THE ALTERNATIVE WAS TO POSTPONE THE VISIT UNTIL DECEMBER.

6. STAFFDEL MAYNARD: WE RECEIVED WORD TODAY THAT MICHELLE MAYNARD, WHO WORKS FOR SENATOR PELL ON THE SFRC, IS PLANNING A LENGTHY TRIP TO TURKEY FROM AUGUST 16-24. MARTY WILL MEET WITH HER ON THURSDAY TO LEARN MORE ABOUT THE TRIP, WHICH EVIDENTLY WILL INCLUDE A STINT IN EASTERN TURKEY.

7. STEPHANOPOULIS VISIT: WE DO NOT YET HAVE FIRM DATES FOR THE STEPHANOPOULIS VISIT. ATTACHED BELOW FOR EMBASSY CONSIDERATION ARE PAPERS WE ARE PLANNING TO PASS TO STEPHANOPOULIS AS PART OF A BRIEFING BOOK. THEY ARE THE UNCLASSIFIED PAPERS USED FOR THE KERRY VISIT, AND WITH FEW EXCEPTIONS, ARE TAKEN FROM EARLIER MATERIEL WHICH THE

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EMBASSY HAD SEEN (OR IN SOME CASES DRAFTED). PLEASE FEEL FREE TO DRAFT ADDITIONAL PAPERS FOR THE BOOK. WE WOULD ALSO APPRECIATE IT IF THE EMBASSY WOULD DRAFT A CON-FIDENTIAL SCENE-SETTER FOR THE VISIT.

8. BEGIN DRAFT PAPERS:

U.S. ASSISTANCE TO TURKEY

BACKGROUND

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O
TURKEY IS THE THIRD LARGEST RECIPIENT OF U.S. ASSISTANCE,

AFTER ISRAEL AND EGYPT.

O

U.S. ASSISTANCE TO TURKEY FROM 1984 THROUGH 1993 TOTALLED DOLLARS 6.3 BILLION. THIS DOES NOT INCLUDE THE VALUE OF WEAPONS TRANSFERRED TO TURKEY VIA NATO OR BILATERAL PROGRAMS, OR THE AMOUNTS SPENT BY U.S. MILITARY FORCES IN TURKEY OVER THE YEARS.

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--

U.S.-FUNDED MILITARY TRAINING FOR TURKEY IS THE LARGEST PROGRAM OF ITS TYPE IN THE WORLD.

O

FROM 1988 TO 1992, MOST MILITARY ASSISTANCE TO TURKEY WAS GRANT AID. STARTING IN FY 1993, HOWEVER, CONGRESS

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CONVERTED ALL MILITARY FINANCING (FMF) FOR TURKEY TO CONCESSIONAL RATE LOANS. IN FY 1994, CONGRESS RAISED THE INTEREST RATES TO MARKET LEVELS.

O

FOR FY 1994, TURKEY WAS ALLOCATED DOLLARS 405 MILLION IN FMF LOANS, DOLLARS 120 MILLION IN ESF GRANTS, AND DOLLARS 1 MILLION FOR MILITARY TRAINING (IMET).

O

FOR FY 1995, THE ADMINISTRATION REQUESTED DOLLARS 453 MILLION IN FMF LOANS, DOLLARS 100 MILLION IN ESF, AND DOLLARS 1 MILLION IN IMET. CONGRESS CUT FMF LOANS TO DOLLARS 364.5 MILLION AND ESF TO DOLLARS 75 MILLION. (NOTE: SUBSEQUENT REQUIREMENTS FOR HAITI HAVE REDUCED ESF TO DOLLARS 46.25 MILLION.)

O

CONGRESS ALSO WITHHELD TEN PERCENT OF TURKEY'S FY 95 FMF PENDING A REPORT TO CONGRESS ON ABUSES OF CIVILIANS BY THE TURKISH ARMED FORCES AND THE SITUATION IN CYPRUS.

--

THE GOT REJECTED THE WITHHELD FUNDING. THE DEPARTMENT CONVEYED THE REQUESTED REPORT TO THE HILL IN EARLY JUNE.

O

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FOR FY 96, THE ADMINISTRATION HAS REQUESTED DOLLARS 150 MILLION IN FMF LOANS, DOLLARS 100 MILLION IN ESF, AND DOLLARS 1 MILLION FOR MILITARY TRAINING.

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THE HOUSE FY 96 DRAFT FOREIGN OPS. BILL REDUCES FMF FOR TURKEY TO DOLLARS 320 MILLION IN LOANS AND DOLLARS 21 MILLION IN ESF. THE DRAFT BILL CONTAINS NO SPECIFICATION ON IMET TO TURKEY.

ATTACHMENT:

TABLE ON ASSISTANCE TO TURKEY

TABLE: U.S. FOREIGN ASSISTANCE DATA: TURKEY (1)
(MILLIONS DOLLARS)

| FY | FMF/G | FMF/CONCESSIONAL | FMF/LOANS | ESF | IMET | TOTAL |
|------|------------------------|------------------|-----------|--------|------|--------|
| 1990 | 412.2# | 85.7 | | 14.3# | 3.5# | 516.1 |
| 1991 | 532# | 50 | | 250# | 3.7# | 836.0 |
| 1992 | 475# | 25 | | 75# | 3.5# | 578.5 |
| 1993 | | 450 | | 125# | 3.0# | 578.0 |
| 1994 | | | 405 | 120# | 1.0# | 526 |
| 1995 | | | 364.5(3) | 46.25# | 1.0 | 411.75 |
| 1996 | (PROPOSED TO CONGRESS) | (4) | 450 | 100# | 1.0 | 551.5 |

ALL GRANT

(1) IN ADDITION TO THESE TOTALS, THE U.S. HAS TRANSFERRED LARGE AMOUNTS OF EXCESS MILITARY EQUIPMENT TO TURKEY THROUGH BILATERAL AND NATO PROGRAMS. WASHINGTON ALSO FUNDS FAMILY PLANNING PROGRAMS IN TURKEY, AS WELL AS A BILATERAL NARCOTICS ASSISTANCE PROGRAM.

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- (2) REFLECTS INCREASED FUNDING LEVELS DUE TO THE GULF WAR.
- (3) DOES NOT REFLECT TEN PERCENT WITHHOLDING MANDATED BY CONGRESS, WHICH WOULD BRING TOTAL TO DOLLARS 328.05 MILLION.
- (4) THE HOUSE FY 96 DRAFT FOREIGN OPS. BILL REDUCES FMF FOR TURKEY TO DOLLARS 320 MILLION IN LOANS AND DOLLARS 21 MILLION I ESF. THE DRAFT BILL CONTAINS NO SPECIFICATION ON IMET TO TURKEY. THE SENATE HAS YET TO MARK UP THE BILL.

BILATERAL RELATIONS WITH THE U.S.

- O THE END OF THE COLD WAR HAS DIMINISHED THE RESOURCE AVAILABLE TO SUPPORT OUR RELATIONSHIP WITH TURKEY, BUT HAS NOT DIMINISHED THE STRATEGIC IMPORTANCE OF TURKEY TO U.S. INTERESTS.
 - O TURKEY IS AT THE CENTER OF MANY OF THE ISSUES IMPORTANT TO THE UNITED STATES ON THE EURASIAN CONTINENT -- NATO EXPANSION, CYPRUS, IRAQI SANCTIONS AND CONTINUATION OF OPERATION PROVIDE COMFORT, CONTAINMENT OF IRAN, RELATIONS WITH RUSSIA IN THE CAUCASUS AND CENTRAL ASIA, AND TRANSIT ROUTES FOR CASPIAN OIL AND GAS.
 - O TO OFFSET THIS DECLINE IN RESOURCES, WE HAVE SOUGHT TO ENHANCE OUR ECONOMIC AND POLITICAL RELATIONSHIP. WE REVIVED THE JOINT ECONOMIC COMMISSION WITH TURKEY TO SPUR TRADE AND INVESTMENT IN BOTH DIRECTIONS, AND HAVE INCREASE
- [REDACTED]
- [REDACTED]

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POLITICAL CONSULTATIONS ON MATTERS OF MUTUAL INTEREST.

- O TURKS ARE ENGAGED IN THE DIFFICULT PROCESS OF REEVALUATING THEIR ROLE IN THE WORLD. THE POLITICAL AND SOCIAL CHANGES TURKEY IS EXPERIENCING HAVE CAUSED SOME TO QUESTION THE COUNTRY'S TRADITIONAL WESTERN ORIENTATION AND ITS POTENTIAL AS A REGIONAL LEADER. THE END OF THE COLD WAR, GREATER DOMESTIC FOCUS BY WASHINGTON AND OTHER NATO CAPITALS, THE GROWING EMPHASIS ON HUMAN RIGHTS, AND THE IMPORTANCE ALLIES HAVE ATTACHED TO IMPROVING RELATIONS WITH RUSSIA HAVE

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CONTRIBUTED TO THIS REEVALUATION. TURKEY LOOKS TO THE UNITED STATES TO PROVIDE CONTINUED SECURITY AND ASSIST IN THE PROCESS OF REDEFINITION.

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MOST TURKS CONTINUE TO PREFER PARTNERSHIP WITH THE WEST AND THE UNITED STATES TO OTHER LESS ATTRACTIVE FOREIGN POLICY OPTIONS. ANKARA IS VERY APPRECIATIVE OF THE SUPPORT THE UNITED STATES HAS

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 PROVIDED IN TURKEY'S CONFLICT WITH THE TERRORIST KURDISTAN WORKERS' PARTY (PKK), INCLUDING TURKEY'S TWO MILITARY INCURSIONS INTO NORTHERN IRAQ. THE TURKS ALSO APPRECIATE WASHINGTON'S SUPPORT FOR A CASPIAN OIL PIPELINE ROUTE PASSING THROUGH TURKEY AND ADVOCACY OF A CUSTOMS UNION WITH THE EU.
 O COMPLETION OF THE CUSTOMS UNION BETWEEN TURKEY AND THE EU A HIGH PRIORITY U.S. FOREIGN POLICY GOAL. WE BELIEVE THE CUSTOMS UNION WILL ANCHOR TURKEY FIRMLY IN THE WESTERN ECONOMIC AND SECURITY SYSTEM.

KURDISH SITUATION

O KURDS ARE TURKEY'S LARGEST ETHNIC MINORITY. THEY TOTAL PERHAPS 12 MILLION OUT OF TURKEY'S POPULATION OF 60 MILLION. TURKEY'S CONSTITUTION DOES NOT RECOGNIZE THE KUR IN TURKEY AS A NATIONAL, RACIAL, OR ETHNIC MINORITY.

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- O KURDS DO NOT REPRESENT A COHESIVE ETHNIC MINORITY. THEY LIVE IN ALL PARTS OF TURKEY AND ARE LARGELY INDISTINGUISHABLE IN APPEARANCE, LANGUAGE, OCCUPATION AND POLITICS FROM THEIR TURKISH NEIGHBORS. CONFLICTING DEPICTIONS OF AN ETHNIC MINORITY SEEKING LEGITIMATE RIGHTS OR OF A GOVERNMENT MERELY CONFRONTING TERRORISM FAIL TO ENCOMPASS THE COMPLEXITY OF THE SITUATION.
- O KURDS WHO ARE LONG-TERM RESIDENTS IN INDUSTRIALIZED CITIES IN WESTERN TURKEY HAVE BEEN, FOR THE MOST PART, ASSIMILATE [REDACTED]

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INTO THE POLITICAL, ECONOMIC, AND SOCIAL LIFE OF THE NATION

- O OVER 100 MEMBERS OF TURKEY'S PARLIAMENT ARE KURDISH, INCLUDING SEVERAL CABINET MEMBERS AND THE DEPUTY PRIME MINISTER.
- O TURKEY'S KURDISH CITIZENS FACE A VARIETY OF RESTRICTIONS ON THE EXPRESSION OF THEIR CULTURAL IDENTITY.
 - THE LAW PERMITS SOME SPOKEN AND PRINTED KURDISH COMMUNICATIONS, BUT KURDISH MAY BE SPOKEN ONLY IN "NONPOLITICAL COMMUNICATION." MOREOVER, MATERIALS DEALING WITH KURDISH HISTORY, CULTURE, AND ETHNIC IDENTITY CONTINUE TO BE SUBJECT TO CONFISCATION AND PROSECUTION UNDER THE ANTI-TERROR LAW.
 - THE GOVERNMENT HAS CLOSED DOWN KURDISH POLITICAL PARTIES, STRIPPED ALL DEMOCRACY PARTY KURDISH PARLIAMENTARIANS OF THEIR IMMUNITIES, AND TRIED AND SENTENCED SIX OF THEM TO JAIL FOR ADVOCATING SEPARATISM.
- O TURKEY'S KURDS HAVE ALSO SUFFERED AS A RESULT OF THE 11-YEAR LONG CONFLICT BETWEEN THE GOVERNMENT AND THE TERRORIST KURDISTAN WORKERS' PARTY (PKK). THE GOVERNMENT OF TURKEY FACES A SERIOUS THREAT FROM THE (PKK), WHICH HAS THE AVOWED AIM OF CREATING A SEPARATE STATE OUT OF KURDISH AREAS OF TURKEY AND OTHER NEIGHBORING STATES.
 - THE PKK IS A VICIOUS TERRORIST ORGANIZATION RESPONSIBLE FOR MANY ATROCITIES, INCLUDING MASSACRING WOMEN, CHILDREN, AND TEACHERS. THE TURKS SEE THE PKK AS A [REDACTED]

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SERIOUS THREAT TO ITS TERRITORIAL INTEGRITY AND
NATIONAL UNITY.

-- THE CONFLICT IN THE SOUTHEAST HAS COST SOME 13-15
THOUSAND LIVES, AND HAS ALSO SPILLED OVER INTO NORTHE
IRAQ, WHERE THE PKK HAVE TAKEN ADVANTAGE OF THE
POLITICAL TURMOIL TO ESTABLISH BASE-CAMPS AND
FACILITIES TO SUPPORT TERRORIST OPERATIONS IN TURKEY.
WHILE THE GOT HURT THE PKK IN LAST YEAR'S FIGHTING,
THERE IS NO END IN SIGHT.

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- O THE U.S. HAS CONSISTENTLY SUPPORTED APPROPRIATE GOT MEASUR
TO SUPPRESS PKK AND OTHER TERRORISM. WE HAVE INSISTED,
HOWEVER, THAT THE GOT WAGE THIS FIGHT IN A MANNER THAT
PROTECTS THE HUMAN RIGHTS OF INNOCENT CIVILIANS.
- O THE TURKISH GOVERNMENT IS COMMITTED TO IMPROVING THE
SITUATION OF ITS KURDISH POPULATION, BUT HAS FALLEN SHORT
THAT GOAL, AS IT STRUGGLES WITH TERRORISM IN THE SOUTHEAST
THE TURKS FEAR THAT ALLOWING KURDS TO ASSERT A SEPARATE
ETHNIC/CULTURAL IDENTITY WILL INEVITABLY CALL INTO QUESTIO
THE UNITY OF THE TURKISH STATE.
- O THE UNITED STATES FULLY SUPPORTS THE MAINTENANCE OF TURKEY
TERRITORIAL INTEGRITY, AND ALL APPROPRIATE MEASURES IN THE
FIGHT AGAINST THE PKK. WE HAVE EMPHASIZED THAT THE FIGHT
AGAINST TERRORIST VIOLENCE MUST BE CONDUCTED IN A MANNER
CONSISTENT WITH RECOGNIZED STANDARDS OF HUMAN RIGHTS.

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- O WE BELIEVE THAT MORE CAREFULLY CALIBRATED MILITARY EFFORTS
AGAINST THE PKK SHOULD BE COMBINED WITH INITIATIVES FOR
EXPANDED CULTURAL AND CIVIL RIGHTS FOR ETHNIC KURDS AND

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OTHER TURKS.

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TURKEY AND HUMAN RIGHTS

- O TURKEY IS A GENUINE, ALBEIT TROUBLED, DEMOCRACY.
- O THE TURKISH GOVERNMENT AND PEOPLE ARE COMMITTED TO DEMOCRATIZATION AND HUMAN RIGHTS REFORMS.
- O IN A SPEECH ON MARCH 14, PM CILL2R ANNOUNCED A SIX-POINT HUMAN RIGHTS PROGRAM. HER PLAN INCLUDED A GRADUAL PHASE-OUT OF THE STATE OF EMERGENCY IN 10 SOUTHEASTERN PROVINCES; AN AMENDMENT TO THE ANTI-TERROR LAW TO DEFINE SEPARATIST PROPAGANDA MORE NARROWLY; AND A FORM OF AMNESTY FOR INTELLECTUALS IMPRISONED FOR "FREEDOM OF SPEECH" CRIMES.
- O ON JULY 23, TURKEY'S GRAND NATIONAL ASSEMBLY APPROVED BY T OVERWHELMING MAJORITY OF 360 TO 32, 16 CONSTITUTIONAL AMENDMENTS THAT ENHANCE TURKISH DEMOCRACY AND BROADEN POLITICAL PARTICIPATION.

THESE AMENDMENTS, AMONG OTHER THINGS, ELIMINATE RESTRICTIONS ON PARTICIPATION IN POLITICS BY ASSOCIATIONS, UNIONS, GROUPS AND COOPERATIVES; GRANT CIVIL SERVANTS THE RIGHT TO FORM UNIONS AND ENGAGE IN

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COLLECTIVE TALKS; LOWER THE VOTING AGE FROM 20 TO 18, AND INCREASE THE NUMBER OF PARLIAMENTARIANS FROM 450 550.

PASSAGE OF THE DEMOCRATIZATION PACKAGE IS A SIGNIFIC STEP TOWARD IMPROVING TURKEY'S HUMAN RIGHTS SITUATION

- O DRAFTING OF PROPOSED CHANGES TO ARTICLE 8 OF THE ANTI-TERR LAW, WHICH HAS BEEN USED TO CONSTRAIN FREEDOM OF EXPRES WILL CONTINUE DURING THE PARLIAMENT'S SUMMER RECESS. PARLIAMENT WILL CONSIDER CHANGES TO ARTICLE 8 AFTER THE SUMMER RECESS.
- O TURKEY'S 11 YEAR-LONG CONFLICT WITH THE TERRORIST KURDISTA WORKERS' PARTY (PKK) IS A MAJOR REASON FOR THE DETERIORATI IN ITS HUMAN RIGHTS PERFORMANCE IN RECENT YEARS.

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O GOVERNMENT ABUSES FALL INTO FOUR MAJOR CATEGORIES:

1. IN AN ATTEMPT TO DEPRIVE THE PKK OF LOGISTICAL SUPPORT, THE GOT HAS UNDERTAKEN LARGE-SCALE VILLAGE EVACUATIONS AND BURNINGS IN THE SOUTHEAST. THE TURKI STATE MINISTER FOR HUMAN RIGHTS ESTIMATED THAT AS OF OCTOBER 1994 TWO MILLION KURDS HAD BEEN DISPLACED FRO 1400 VILLAGES AND HAMLETS.

2. RESTRICTIONS ON FREEDOM OF EXPRESSION CONTINUE, INCLUDING IMPRISONING MEMBERS OF PRO-KURDISH POLITICA PARTIES AND HUMAN RIGHTS ORGANIZATIONS, CLOSING THE MAJOR PRO-KURDISH NEWSPAPER, AND INDICTING ONE OF TURKEY'S MOST FAMOUS WRITERS.

[REDACTED]

[REDACTED]

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3. DESPITE A FEBRUARY ANTI-TORTURE DIRECTIVE ISSUED THE ORDERS OF PM CILLER, TORTURE REMAINS WIDESPREAD. THE HUMAN RIGHTS FOUNDATION OF TURKEY CLAIMS THAT 43 THE 200 PEOPLE DETAINED UNDER THE ANTI-TERROR ACT IN MARCH ALONE WERE SUBJECTED TO TORTURE.

4. EXTRAJUDICIAL KILLINGS CONTINUE.

O FOR THE PAST THREE YEARS, HUMAN RIGHTS HAS BEEN A MAJOR PA OF OUR DIALOGUE WITH THE TURKISH GOVERNMENT. EVERY HIGH-LEVEL OFFICIAL, BOTH FROM THE STATE DEPARTMENT AND DO WHO HAS VISITED ANKARA HAS RAISED THE ISSUE OF HUMAN RIGHT AND ITS IMPORTANCE TO U.S.-TURKISH RELATIONS.

WE BELIEVE THAT TO PROMOTE A SETTLEMENT IN THE SOUTHEAST, OUR BEST COURSE IS TO CONTINUE ENERGETICALLY TO PROMOTE DEMOCRATIZATION, WHILE CONTINUING TO SUPPORT TURKEY'S LEGITIMATE STRUGGLE AGAINST TERRORISM.

POLITICAL OVERVIEW

O THE TURKS HAVE ALWAYS BEEN ONE OF THE MOST COSMOPOLITAN,

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WESTWARD AND OUTWARD LOOKING OF THE ISLAMIC PEOPLES.
GENERATIONS OF DEALING WITH THE WEST BY THE OTTOMAN
GOVERNMENT PAVED THE WAY FOR ATATURK'S REFORMS.

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- O THE BURDEN OF THOSE REFORMS WAS THAT TURKEY WOULD HENCEFOR BE A WESTERN, SECULAR NATION, AND ULTIMATELY A DEMOCRACY.
- O IN RECENT YEARS, MANY TURKS HAVE BECOME LESS INTERESTED IN BEING PART OF THE WEST. OTHERS FEEL THEMSELVES ALIENATED FROM AND IGNORED BY THE WEST. THESE FEELINGS RESULT IN PA FROM FOREIGN POLICY DIFFICULTIES, AS THE TURKS BELIEVE THE HAVE FAITHFULLY SUPPORTED WESTERN/NATO INTERESTS, AND BEEN INADEQUATELY REWARDED IN RETURN. THE DOMESTIC POLITICAL SITUATION HAS ALSO PLAYED A PART IN GENERATING THIS SENTIMENT.
- O PRIME MINISTER TANSU CILLER'S CENTER-RIGHT CORRECT WAY PAR (DYP) AND THE THE LEFT-CENTER SOCIAL DEMOCRATIC PARTY (SHP LED BY DEPUTY PRIME MINISTER HIKMET CETIN, CONTINUE THEIR COALITION GOVERNMENT. THE WEAKNESS OF THE COALITION HAS MADE DECISION MAKING DIFFICULT ON THE KEY ISSUES FACING TURKEY.
- O THE CENTER RIGHT MOTHERLAND (ANAVATAN) PARTY IS THE MAJOR OPPOSITION GROUPING, AND IS LED BY FORMER PRIME MINISTER MESUT YILMAZ.
- O AT LAST MARCH'S LOCAL ELECTION, THE PRO-ISLAMIC WELFARE (REFAH) PARTY, LED BY NECMETTIN ERBAKAN, CAPTURED 19 PERCE OF THE NATIONAL VOTE AND THE KEY MAYORSHIPS OF ISTANBUL AN ANKARA. THE TRUE PATH AND MOTHERLAND PARTIES VIRTUALLY TIE AT 21.5 AND 21 PERCENT. ACCORDING TO OPINION POLLS, TH
- E REFAH PARTY CURRENTLY ENJOYS THE SUPPORT OF AROUND 25 PERCENT OF THE ELECTORATE.

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- O GENERAL ELECTIONS MUST TAKE PLACE BY THE AUTUMN OF 1996.
- O TURKEY IS EXPERIENCING ANOTHER WAVE OF GREAT SOCIAL CHANGE


THE PACE OF MIGRATION FROM THE EAST TO THE CITIES OF WESTERN TURKEY (WHICH CAN BE VERY WESTERN INDEED) HAS AGAIN SPEEDED UP.

TURKEY'S HIGH BIRTH RATE CONTINUES. WELL MORE THAN HALF THE POPULATION IS UNDER THE AGE OF 30, OF WHICH THE MAJORITY IS IN THE TEENS. FINDING EMPLOYMENT FOR THIS BURGEONING POPULATION WILL BE A MAJOR CHALLENGE THE YEARS AHEAD.

TURKEY: ECONOMIC OVERVIEW

- O FROM ESTABLISHMENT OF THE REPUBLIC UNTIL 1980, TURKEY WAS INSULATED, STATE DIRECTED ECONOMY. IN 1980, HOWEVER, THE COUNTRY BEGAN AN ECONOMIC TURNAROUND BASED ON INCREASED RELIANCE ON MARKET FORCES, EXPORT-LED DEVELOPMENT, LOWER TAXES, INTEGRATION WITH THE WORLD ECONOMY, AND PRIVATIZATI

-- THESE REFORMS BOUGHT TURKEY IMPRESSIVE BENEFITS: ANNUAL AVERAGE GROWTH RATES OVER THE PAST DECADE WERE THE HIGHEST OF ANY OECD COUNTRY.
- O THE FUNDAMENTALS THAT MADE TURKEY THE FASTEST-GROWING COUNTRY IN THE OECD DURING THE 1980'S HAVE NOT CHANGED AND




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HAVE EVEN IMPROVED IN MANY RESPECTS.

- O TURKEY'S LEADERSHIP, HOWEVER, LEFT THE REFORM PROGRAM BEGU IN THE 1980'S UNFINISHED. TURKEY'S PERENNIAL ECONOMIC PROBLEMS -- LARGE PUBLIC SECTOR DEFICITS AND RESULTING HIG INFLATION -- CONTINUED TO WORSEN EVEN AS THE ECONOMY RECORDED IMPRESSIVE GAINS. THESE IMBALANCES COMBINED WITH TURKEY'S DETERIORATING CURRENT ACCOUNT LED MOODY'S TO DOWNGRADE TURKEY'S CREDIT RATING IN JANUARY 1994. THIS SPARKED A RUN ON THE TURKISH LIRA AND SENT THE ECONOMY INT

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- O THE INTRODUCTION BY PM CILLER IN APRIL 1994 OF A MUCH-NEEDED AUSTERITY AND STABILIZATION PROGRAM FORMED THE BASIS OF A STAND-BY AGREEMENT BETWEEN TURKEY AND THE IMF WHICH WAS APPROVED LAST JULY.
- O TURKEY WEATHERED THE 1994 CRISIS, ALTHOUGH AT GREAT COST TO THE ECONOMY. IN 1994 GNP SHRANK BY 6 PERCENT, INFLATION WAS 150 PERCENT, AND UNEMPLOYMENT EXCEEDED 10 PERCENT. NEVERTHELESS, ON THE POSITIVE SIDE, THE CURRENCY DEPRECIATION BOOSTED EXPORTS AND PRODUCED A HEALTHY CURRENT ACCOUNT SURPLUS. TURKEY ALSO HAD NO PROBLEM MEETING ITS SUBSTANTIAL FOREIGN DEBT PAYMENTS LAST YEAR, ALTHOUGH AT THE COST OF A SPIRALING DOMESTIC DEBT BURDEN.
- O WHILE THE ECONOMY HAS STABILIZED AND BUSINESS CONFIDENCE IS INCREASING, MUCH HEAVY LIFTING REMAINS TO BE DONE. THE TURKISH GOVERNMENT HAS HAD ONLY PARTIAL SUCCESS IMPLEMENTING NECESSARY STRUCTURAL REFORM MEASURES. STEPS SUCH AS PRIVATIZATION OF MONEY-LOSING STATE-ECONOMIC ENTERPRISES,

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IMPROVED EFFICIENCY OF TAX COLLECTION, AND STREAMLINING OF THE SOCIAL SECURITY SYSTEM ARE ESSENTIAL TO REMOVE PRESSURE ON THE STATE BUDGET AND PROMOTE STABLE AND SUSTAINABLE GROWTH.

- O TURKEY'S ECONOMY IS SHOWING SIGNS OF RECOVERY AND IS EXPECTED TO GROW BY AS MUCH AS 3 PERCENT IN 1995. DRIVE BY A DYNAMIC PRIVATE SECTOR AND THE PROSPECTS OF A CUSTOMS UNION WITH THE EUROPEAN UNION (EU), AS WELL AS GROWING ECONOMIC LINKS TO THE MIDDLE EAST, AND CENTRAL ASIA -- INCLUDING THE POSSIBILITY OF AN OIL PIPELINE FROM THE CAUCASUS -- TURKEY'S LONG-TERM PROSPECTS ARE BRIGHT.

--2--

- O WE SUPPORT TURKEY'S EFFORTS TO ACHIEVE ECONOMIC PROSPERITY AS A MEANS OF ENSURING THE COUNTRY'S STABILITY AND TIES WITH THE WEST, AND HAVE STEPPED UP OUR ECONOMIC ENGAGEMENT WITH TURKEY ACCORDINGLY.
- O THE REVIVED U.S.-TURKEY JOINT ECONOMIC COMMISSION AND THE

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ADMINISTRATION'S DESIGNATION LAST YEAR OF TURKEY AS A "BIG EMERGING MARKET" AFFIRMS ITS ECONOMIC AND COMMERCIAL POTENTIAL.

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-- U.S. EXPORTS TO TURKEY IN 1994 WERE DOLLARS 2.75 BILLION. THIS EXCEEDED TOTAL AMERICAN SALES TO SUCH MARKETS AS RUSSIA, SWEDEN, INDIA, AND ALL OF EASTERN EUROPE.

[REDACTED]

[REDACTED]

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RELATIONS WITH EUROPE/EU

- O TURKEY'S POST-WORLD WAR TWO VALUE TO OUR WEST EUROPEAN ALLIES LARGELY DERIVED FROM ITS MILITARY ASSOCIATION WITH THE U.S. WESTERN EUROPEANS ONLY RELUCTANTLY INCLUDED TURK IN NATO AFTER CONSIDERABLE PRESSURE FROM WASHINGTON, BUT NEVER COMPLETELY ACCEPTED ANKARA IN THE WESTERN "CLUB." CONSEQUENTLY, AS THE COLD WAR PASSED INTO HISTORY, TURKEY'S STOCK IN WESTERN EUROPE DROPPED. THE PRESENCE OF TURKISH COMMUNITIES IN EUROPE PRODUCED AWKWARD DOMESTIC ISSUES THAT FURTHER WEAKENED RELATIONS. AT THE SAME TIME, CONCERNS ABOUT THE POTENTIAL FOR GROWING INSTABILITY AND ISLAMIC FUNDAMENTALISM IN THE REGION HAVE LED EUROPEANS TO SEE THE VALUE OF ANCHORING TURKEY MORE FIRMLY IN WESTERN INSTITUTIONS AND ASSISTING ITS POLITICAL AND ECONOMIC DEVELOPMENT.
 - O ATATURK'S PRECEPTS THAT TURKEY BECOME A WESTERN, SECULAR NATION ARE STILL DEEPLY FELT, AND A MAJORITY OF OPINION LEADERS ARE DETERMINED TO ACHIEVE CLOSER TIES TO EUROPE AND EU MEMBERSHIP. ON THE OTHER HAND, THE OPINION HAS BEEN TAKING ROOT SINCE THE MID-1980S THAT, TRY AS IT MIGHT, TURKEY WILL NEVER BE ACCEPTED AS PART OF THE "CHRISTIAN" WEST. THESE FEELINGS ARE FANNED BY CONSERVATIVE ISLAMIC GROUPS, SUCH AS THE REFAH (PROSPERITY) PARTY.
 - O THE CUSTOMS UNION AGREEMENT, WHICH MIGHT NOT HAVE BEEN ACHIEVED WITHOUT INTENSIVE LOBBYING BY THE U.S., IS
- [REDACTED]

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IMPORTANT BECAUSE IT TIES TURKEY CLOSER TO EUROPE AT A
CRITICAL MOMENT IN THAT COUNTRY'S HISTORY. IT REAFFIRMS
TURKEY'S IMPORTANCE AS A STRATEGIC BASTION OF EUROPE AND I
POTENTIAL CONTRIBUTION TO EUROPE'S ECONOMIC STRENGTH.

- O THE AGREEMENT REQUIRES TURKEY, INTER ALIA, TO ALIGN ITSELF
WITH COMMON EU CUSTOMS TARIFFS, ADOPT ALMOST THE ENTIRE
NETWORK OF EU TRADE AGREEMENTS AND, IMPORTANTLY, TO COMPLY
WITH EU AND MULTILATERALLY AGREED RULES ON PROTECTION OF
INTELLECTUAL PROPERTY RIGHTS. TURKEY MUST PASS THROUGH A
PROGRESS REVIEW ON THESE ISSUES BY THE END OF OCTOBER OR
RISK DELAY IN IMPLEMENTATION OF THE CUSTOM'S UNION,
CURRENTLY SCHEDULED TO TAKE EFFECT ON DECEMBER 31, 1995.
- O THE UNITED STATES STRONGLY SUPPORTS TURKEY'S ENTRY INTO TH
CUSTOMS UNION, WHICH REQUIRES RATIFICATION BY THE EUROPEAN
PARLIAMENT. DESPITE PM CILLER'S RECENT IMPORTANT SUCCESS
PASSING 16 AMENDMENTS TO THE CONSTITUTION THAT WILL EXPAN
TURKISH DEMOCRACY, AND THE FAVORABLE COMMENTS THIS ELICITE
IN EUROPE, IF THE VOTE (SCHEDULED FOR LATE THIS AUTUMN) WE
HELD TODAY, IT WOULD PROBABLY BE REJECTED. ANKARA
UNDERSTANDS THAT FURTHER STEPS WILL BE NECESSARY TO SATISF
THE EUROPEAN PARLIAMENT'S HUMAN RIGHTS CONCERNS. THESE
CHANGES WILL INCLUDE ADJUSTMENT OF ARTICLE 8 OF THE
ANTI-TERROR LAW, WHICH HAS BEEN USED TO CONSTRAIN FREEDOM
EXPRESSION.

GREEK-TURKISH RELATIONS

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O IN ADDITION TO CYPRUS, CRITICAL ISSUES BETWEEN GREECE AND
TURKEY REVOLVE AROUND THE STATUS OF THE TURKISH MINORITY I
THRACE AND AEGEAN QUESTIONS CONCERNING THE TERRITORIAL SEA
AIRSPACE, CONTINENTAL SHELF AND DEMILITARIZATION OF CERTAI
ISLANDS.

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O GOG SUGGESTIONS THAT IT MAY EXTEND ITS TERRITORIAL SEA FROM 6 TO 12 MILES ONCE THE LOS TREATY TOOK EFFECT ON NOVEMBER. DEVELOPED INTO A WAR OF NERVES WITH ANKARA.

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-- SEVERAL GREEK ISLANDS ARE VERY NEAR TO THE TURKISH MAINLAND. ONE IS ONLY THREE MILES FROM TURKEY'S COAST. SUCH AN ACTION BY THE GOG WOULD TURN THE MAJORITY OF THE AEGEAN INTO GREEK TERRITORIAL WATERS.

-- ANKARA USED VARIOUS MEANS TO SEND MESSAGES TO ATHENS THAT THIS ACTION WOULD BE UNACCEPTABLE.

O THE MONTH OF NOVEMBER WITNESSED A CRISIS ON THIS ISSUE IN WHICH THE GOG REITERATED ITS WARNING THAT ANY DECISION BY ATHENS TO EXTEND ITS TERRITORIAL WATERS BEYOND SIX MILES WOULD BE A CAUSUS BELLI.

-- THE GOG AFFIRMED THAT IT HAD NO INTENTION TO TAKE THIS STEP, BUT RESERVED THE RIGHT TO DO SO.

-- A SERIES OF MILITARY EXERCISES BY BOTH STATES IN THE AEGEAN ADDED TO THE TENSION.

O ON MAY 31, THE GREEK PARLIAMENT RATIFIED THE LAW OF THE SEA CONVENTION. ATHENS DEPOSITED ITS INSTRUMENT OF RATIFICATION

[REDACTED]

[REDACTED]

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WITH THE UN ON JULY 21. THE CONVENTION WILL ENTER INTO FORCE FOR GREECE THIRTY DAYS LATER.

O SINCE THE GREEK GOVERNMENT RATIFIED THE LAW OF THE SEA CONVENTION, ANKARA HAS PUBLICLY REITERATED ITS POSITION. ON JUNE 8, THE TURKISH PARLIAMENT PASSED A DECLARATION GIVING THE TURKISH GOVERNMENT ALL "NECESSARY POWERS" TO DEAL WITH POSSIBLE EXTENSION BY GREECE OF ITS TERRITORIAL SEA. IN JUNE, THE RHETORIC ON BOTH SIDES OF THE AEGEAN INTENSIFIED BUT IT SEEMS TO HAVE SUBSIDED RECENTLY.

O WE ARE CONCERNED THAT DISPUTES OVER SENSITIVE AEGEAN ISSUE
INCREASE THE CHANCE OF AN INCIDENT AND COMPLICATE ACHIEVING SIGNIFICANT GOALS IN THE REGION. CONTINUING DISAGREEMENTS BETWEEN ANKARA AND ATHENS HAVE ALSO HAMPERED NATO OPERATIONS, AS THE TWO ALLIES HAVE USED THEIR POSITION

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WITHIN THE ALLIANCE TO ATTEMPT TO SCORE POINTS AGAINST EACH OTHER.

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- WE HAVE URGED BOTH GOVERNMENTS TO AVOID PROVOCATIONS AND TO ENGAGE IN DIALOGUE ON ISSUES ABOUT WHICH THEY DISAGREE. WE HAVE ALSO URGED THE PARTIES TO IMPLEMENT MEASURES TO LESSE THE CHANCES OF AN INCIDENT IN THE AEGEAN.

RELIGIOUS CONSERVATISM IN TURKEY

- RELIGIOUS CONSERVATISM HAS BEEN GAINING STRENGTH IN TURKEY FOR A DECADE OR MORE.
- [REDACTED]
- [REDACTED]

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- SOME OF THE REASONS FOR THIS TREND CAN BE FOUND IN TURKEY'S CHANGING POLITICAL AND SOCIAL CLIMATE.
 - THE PACE OF MIGRATION FROM THE EAST TO THE CITIES OF WESTERN TURKEY HAS AGAIN SPEEDED UP. THESE MIGRANTS BRING WITH THEM NOT ONLY NEEDS WHICH ARE STARTING TO OVERWHELM INADEQUATE INFRASTRUCTURE, BUT ALSO A MORE MIDDLE EASTERN, ISLAMIC FRAME OF MIND.
 - PM CILLER'S WEAK COALITION GOVERNMENT IS HAVING DIFFICULTY RESPONDING TO IMPORTANT CHALLENGES AS THE COUNTRY NEARS THE TWENTY-FIRST CENTURY.
 - THE PERCEIVED INABILITY OF MORE TRADITIONAL CENTRIST PARTIES TO RESPOND TO THE COUNTRY'S PROBLEMS HAS HELPED TO STRENGTHEN THE REFAH PARTY, WHICH IS WELL ORGANIZED, WELL FINANCED, AND HAS GAINED A REPUTATION FOR NON-CORRUPT, RESPONSIVE GOVERNMENT.
- TURKS ARE DIVIDED IN THEIR VIEW OF THIS DEVELOPMENT. SOME VERY WESTERNIZED TURKS, PARTICULARLY TURKISH WOMEN, ARE ALARMED. OTHERS VIEW THIS TREND AS AN INDICATION THAT TURKEY IS BECOMING A MORE PLURALISTIC AND DEMOCRATIC SOCIETY.
- MOST AGREE THAT, WHILE TURKEY IS BECOMING SOMEWHAT MORE CONSERVATIVE IN RELIGIOUS OBSERVANCE, THE RESULT WILL NOT BE ANOTHER IRAN OR ALGERIA.

- THE TURKS HAVE ALWAYS BEEN ONE OF THE MOST WESTWARD
OUTWARD LOOKING OF THE ISLAMIC PEOPLES. THIS CULTURA
CHARACTERISTIC AND ATATURK'S LEGACY OF SECULARISM OFF
- [REDACTED]

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SUBSTANTIAL ASSURANCE AGAINST SUCH A RESULT.

- O THIS TREND'S PROBABLE IMPACT ON TURKEY'S FOREIGN POLICY I
ALSO DIFFICULT TO ASSESS.

- IT IS USEFUL TO REMEMBER THAT THE TURKISH LEADER WHO
MADE GREATER RELIGIOUS OBSERVANCE POLITICALLY
"MAINSTREAM," AND WHOSE ADMINISTRATION UNDERTOOK A
MAJOR PROJECT OF MOSQUE BUILDING THROUGHOUT THE
COUNTRY, WAS THE LATE TURGUT OZAL, WHO LATER STOOD WI
THE UNITED STATES IN THE GULF WAR.

- ON THE OTHER HAND, RHETORIC BY THE CURRENT LEADER OF
THE ISLAMIST REFAH (WELFARE) PARTY, NECMETTIN ERBAKAN
HAS BEEN MARKEDLY ANTI-WESTERN AND ANTI U.S. IN
CHARACTER.

- O OVERALL, WE SEE NO INCOMPATIBILITY BETWEEN GREATER RELIGIO
CONSERVATISM IN TURKEY AND MAINTENANCE OF OUR USUAL FRIEND
AND COOPERATIVE RELATIONSHIP.

TURKEY'S STRATEGIC VALUE/NATO MEMBERSHIP

- O TURKEY IS A PRO-WESTERN, MARKET-ORIENTED AND RELATIVELY
STABLE SECULAR DEMOCRACY IN A REGION WHERE U.S. STRATEGIC
INTERESTS IN THE BALKANS, THE MIDDLE EAST, THE CAUCASUS, A
CENTRAL ASIA CONVERGE. IT STANDS OUT AS A DEMOCRATIC AND
SECULAR NATION IN A REGION WHICH HAS FEW DEMOCRATIC
- [REDACTED]

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TRADITIONS AND WHERE ISLAMIC FUNDAMENTALISM IS INCREASING

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- O AS A COMMITTED MEMBER OF NATO, TURKEY BOTH STRENGTHENS WESTERN DEFENSES AGAINST THE POSSIBILITY OF A RESURGENT RUSSIAN THREAT, AND OFFERS THE POTENTIAL TO EXTEND THE REACH OF THE WEST INTO AN UNSTABLE PART OF THE WORLD WHICH HAS CRITICAL OIL RESERVES.
- O TURKEY IS THE HOST FOR SOME 8,000 DOD MILITARY, CIVILIAN, AND DEPENDENT PERSONNEL. INCIRLIK AND ACCESS TO TURKEY'S FIVE NATO COLLOCATED OPERATING BASES ARE CRUCIAL FOR POWER PROJECTION IN A CRITICAL REGION.
- O TURKEY ALSO CONTRIBUTES A BRIGADE TO NATO'S RAPID ACTION FORCE, AND OTHER UNITS AS WELL.
- O CONTROL OF THE DARDANELLES RESTS IN THE HANDS OF TURKEY. ACCESS TO INCIRLIK AIR BASE AND THE FIVE NATO COLLOCATED OPERATING BASES IN TURKEY IS CRITICAL TO POWER PROJECTION THE REGION. TURKEY PROVIDES THE BEST AND PERHAPS THE ONLY POSSIBLE OPERATING BASE FOR OPERATION PROVIDE COMFORT.
- O TURKEY'S SUPPORT FOR OPERATION PROVIDE COMFORT AND ITS CONTINUED SUPPORT FOR U.S. AND U.N. EFFORTS IN HUMANITARIAN AND SANCTIONS ENFORCEMENT OPERATIONS VIS-A-VIS IRAQ ARE CRITICAL. TURKEY'S RELATIONS WITH ISRAEL ARE WARMING, AND OFFER THE POSSIBILITY OF EXPANDED TRADE AND ECONOMIC COOPERATION AS SYRIA IS DRAWN INTO THE PEACE PROCESS.
- O TURKEY HAS PLAYED A POSITIVE ROLE IN SUPPORT OF U.N. EFFOR

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TO ACHIEVE A PEACEFUL SOLUTION TO THE CONFLICT IN THE BALKANS. HOWEVER, THERE ARE SUBSTANTIAL DOMESTIC PRESSURE IN TURKEY FOR A MORE ACTIVIST ROLE IN SUPPORT OF THE BOSNI MOSLEMS.

- O IN BOSNIA, TURKEY HAS PROVIDED A UNIT AS PART OF THE PEACEKEEPING FORCE, A SQUADRON OF F-16'S TO HELP ENFORCE THE NO-FLY ZONE, AND A FRIGATE TO HELP ENFORCE THE EMBARGO.
- O TURKEY ALSO SENT TROOPS TO SOMALIA, AND DURING A CRITICAL PHASE OF THAT OPERATION, THE COMMANDER OF THE U.N. FORCE W

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A TURKISH GENERAL, CEVIK BIR.

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TURKEY AND CYPRUS

- O CYPRUS IS VERY IMPORTANT TO TURKEY.
 - CYPRUS WAS UNDER THE CONTROL OF THE OTTOMAN EMPIRE FROM THE SIXTEENTH TO THE LATE NINETEENTH CENTURY, WHEN THE ISLAND BECAME PART OF THE BRITISH EMPIRE.
 - SOME 120,000 OF THE ISLAND'S 670,000 POPULATION ARE ETHNIC TURKS.
 - STRATEGICALLY, TURKEY SEES ITSELF AS VULNERABLE IN THE AEGEAN, WHERE ALL BUT A VERY FEW ISLANDS (SOME ONLY THREE MILES FROM THE TURKISH MAINLAND) ARE PART OF GREECE. TURKEY WOULD VIEW CONTROL OF CYPRUS BY GREECE
- [REDACTED]
- [REDACTED]

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AS AN EXTENSION OF THAT VULNERABILITY TO THE MEDITERRANEAN AND HENCE UNACCEPTABLE.

- O ON JUNE 15, 1974, THE CYPRIOT NATIONAL GUARD AND AN EXTREMIST GROUP CALLED EOKA-B, BACKED BY THE JUNTA REGIME IN GREECE, OVERTHREW THE GOVERNMENT OF PRESIDENT MAKARIOS. NICOS SAMPSON, THE EOKA-B LEADER, ASSUMED CONTROL. SAMPSON'S PAST INVOLVEMENT IN TERRORISM IN SUPPORT OF UNION WITH GREECE MADE HIM TOTALLY UNACCEPTABLE TO THE TURKISH CYPRIOT COMMUNITY AND TO TURKEY. ON JULY 20, THE TURKISH GOVERNMENT, CITING ITS OBLIGATIONS UNDER THE 1960 TREATY OF GUARANTEE, LANDED FORCES ON THE ISLAND AND HEAVY FIGHTING ENSUED. FOLLOWING A CEASEFIRE, GLAFCOS CLERIDES BECAME ACTING PRESIDENT.
- O CYPRUS IS CURRENTLY DIVIDED INTO TWO REGIONS: THE REPUBLIC OF CYPRUS UNDER PRESIDENT CLERIDES, AND THE "TURKISH REPUBLIC OF NORTHERN CYPRUS" UNDER PRESIDENT RAUF DENKTASH. ONLY TURKEY RECOGNIZES THE TRNC, WHICH OCCUPIES ABOUT 30 PERCENT OF THE ISLAND.
- O CYPRUS REMAINS THE KEY TO UNLOCKING MANY OF THE DISPUTES BETWEEN TURKEY AND GREECE, AND HENCE TO STABILITY IN THE

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STRATEGIC AEGEAN AND EASTERN MEDITERRANEAN. THE UNITED STATES SUPPORTS ESTABLISHMENT OF A BIZONAL, BI-COMMUNAL FEDERATED GOVERNMENT ON CYPRUS, WHERE THE INTEREST OF BOTH COMMUNITIES COULD BE PROTECTED.

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- O TURKEY HAS BEEN COOPERATIVE IN SEEKING A SOLUTION TO THE CYPRUS PROBLEM. THE GOVERNMENT OF PM TANSU CILLER HAS USE ITS INFLUENCE TO GAIN APPROVAL FROM PRESIDENT DENKTASH FOR

[REDACTED]

[REDACTED]

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SUPPORT OF CONFIDENCE BUILDING MEASURES PROPOSED BY THE UN SECRETARY GENERAL.

- O PM CILLER ALSO DISPLAYED CONSIDERABLE COURAGE IN ACCEPTING THE COMPROMISES WORKED OUT REGARDING THE DATE FOR THE START OF NEGOTIATIONS FOR CYPRIOT ENTRY INTO THE EU. ESTABLISHING A DATE FOR THESE NEGOTIATIONS WAS A KEY TO GAINING ACCEPTANCE BY ATHENS OF A TURKEY-EU CUSTOMS UNION.
- O THE UNITED STATES IS MAKING AN INTENSIVE EFFORT TO RESOLVE THE CYPRUS PROBLEM AND HOPES THE PROSPECT OF EU MEMBERSHIP WILL ENCOURAGE THE COMMUNITIES ON THE ISLAND TO BE MORE FLEXIBLE IN NEGOTIATIONS.

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INFORM CONSULS-PASS PAOS-MILITARY ALSQ FOR POLAD

E.O. 12356: N/A

TAGS: OPRC, XF

SUBJECT: NEA PRESS GUIDANCE - 10/18/95

THE FOLLOWING GUIDANCE IS PROVIDED FOR POST'S INFORMATION:

ALGERIA: FRANCE: REACTION TO OCTOBER 17 TRAIN BOMBING

KURDS: TURKEY: NEW YORK TIMES EDITORIAL

LIBYA WITHDRAWAL FROM UNSC BID

BOSNIA/CROATIA/SERBIA: POLICY POINTS

ALGERIA: FRANCE: REACTION TO OCTOBER 17 TRAIN BOMBING

Q: WHAT IS OUR REACTION TO THE OCTOBER 17 TERRORIST BOMBING
ON PARIS COMMUTER TRAIN WHICH INJURED 26?

A: -- WE EXPRESS OUR PROFOUND SYMPATHIES TO THE GOVERNMENT
AND PEOPLE OF FRANCE IN THE WAKE OF YESTERDAY'S TERRORIST
BOMBING IN PARIS. WE CONDEMN THIS OUTRAGEOUS ATTACK ON
INNOCENT CIVILIANS.

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-- WE ARE UNAWARE OF ANY GROUP TAKING RESPONSIBILITY FOR
THE BOMBING. FRENCH POLICE HAVE TOLD THE PRESS THAT THEY
SUSPECT ALGERIAN MILITANTS OF HAVING PLACED THE DEVICE,
WHICH WAS DESIGNED TO INFLICT MAXIMUM CASUALTIES.

-- THE INCIDENT FITS THE PATTERN OF SEVEN OTHER TERRORIST
BOMBINGS WHICH HAVE OCCURRED IN FRANCE SINCE JULY. FRENCH
AUTHORITIES BELIEVE ALGERIANS OPPOSED TO WHAT THEY
INTERPRET AS GOF SUPPORT FOR THE ALGERIAN GOVERNMENT ARE
RESPONSIBLE FOR THE CRIMES.

Q: WERE THERE ANY AMERICANS INJURED IN THE BLAST? WHAT
ADVICE ABOUT THE BOMBINGS ARE WE GIVING AMERICANS TRAVELING
IN FRANCE?

A: -- THERE WERE NO AMERICANS AMONG THE VICTIMS.

-- WE UPDATED THE CONSULAR INFORMATION SHEET ON FRANCE ON SEPTEMBER 14 TO INFORM AMERICANS TRAVELING TO OR LIVING IN FRANCE OF THE RECENT BOMBINGS. THERE IS NO INDICATION THAT THE BOMBINGS ARE SPECIFICALLY DIRECTED AGAINST AMERICAN CITIZENS, BUSINESSES, OR INTERESTS.

KURDS: TURKEY: NEW YORK TIMES EDITORIAL

Q: WHAT IS YOUR REACTION TO THE EDITORIAL IN THE NEW YORK TIMES, CLAIMING THAT TURKEY IS USING U.S. MILITARY

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ASSISTANCE TO COMMIT HUMAN RIGHTS VIOLATIONS AND PROLONG
THE CONFLICT IN SOUTHEASTERN TURKEY?

A: -- THE UNITED STATES PROVIDES MILITARY ASSISTANCE TO TURKEY FOR BROAD STRATEGIC REASONS IN THE INTERESTS OF THE UNITED STATES AND THE WEST IN GENERAL. WE HAVE RECOGNIZED THAT TURKEY IS USING SOME OF THIS EQUIPMENT IN ITS EFFORT TO CONTROL TERRORIST ACTIVITIES BY THE KURDISTAN WORKERS' PARTY (PKK). THE UNITED STATES STRONGLY CONDEMNS THE ACTIVITIES OF THE PKK AND SUPPORTS THE GOVERNMENT OF

TURKEY'S EFFORTS TO COMBAT IT. IT IS LEGITIMATE FOR TURKEY TO USE U.S.-PROVIDED WEAPONS FOR INTERNAL SECURITY.

-- HUMAN RIGHTS ARE A MAJOR CONSIDERATION IN OUR WORLDWIDE ARMS TRANSFER POLICY. THE DEPARTMENT OF STATE USES HUMAN RIGHTS AS AN IMPORTANT CRITERION AS WE DECIDE ON ARMS SALES AND MONITOR THEM AROUND THE WORLD.

-- HUMAN RIGHTS ARE A MAJOR PART OF OUR DIALOGUE WITH THE TURKISH GOVERNMENT. EVERY HIGH-LEVEL OFFICIAL, BOTH FROM THE STATE DEPARTMENT AND DOD, WHO HAS VISITED ANKARA HAS RAISED THE ISSUE OF HUMAN RIGHTS AND ITS IMPORTANCE TO U.S.-TURKISH RELATIONS. WE HAVE STARTED TO ENGAGE THE TGS ON THIS SUBJECT AS WELL, AND HAVE ENCOURAGED VISITORS FROM OTHER WESTERN COUNTRIES TO SUPPORT THESE EFFORTS.

-- THE UNITED STATES PROVIDES MILITARY EQUIPMENT TO TURKEY

BECAUSE IT IS VERY MUCH IN OUR INTEREST TO DO SO.

-- TURKEY, A LOYAL AND LONG-STANDING NATO ALLY, IS AT THE
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CENTER OF MANY CRITICAL QUESTIONS FOR THE UNITED STATES ON
THE EURASIAN CONTINENT -- THE SITUATION IN THE BALKANS,
STABILITY IN THE AEGEAN, CONTAINMENT OF IRAN, SANCTIONS
AGAINST IRAQ AND CONTINUATION OF OPERATION PROVIDE COMFORT,
CASPIAN OIL AND RELATIONS WITH RUSSIA IN THE CAUCASUS AND
CENTRAL ASIA.

-- THE ASSUMPTION THAT CONDITIONING FURTHER MILITARY
ASSISTANCE ON HUMAN RIGHTS REQUIREMENTS WOULD HAVE AN
IMPACT ON THE WAR IN THE SOUTHEAST IS HIGHLY DUBIOUS. SUCH
CONDITIONS WOULD ALMOST CERTAINLY RESULT IN TURKEY'S
REJECTING THE AID ALTOGETHER AND TURNING TO OTHER
SUPPLIERS, WHOSE CONCERN FOR HUMAN RIGHTS AS A KEY ELEMENT
IN MILITARY EQUIPMENT TRANSFERS IS LESS THAN OURS.

-- TURKEY IS ALSO MAKING IMPORTANT EFFORTS TO IMPROVE ITS
HUMAN RIGHTS PERFORMANCE.

-- THESE EFFORTS HAVE INCLUDED THE PASSAGE OF 16
CONSTITUTIONAL AMENDMENTS TO ENHANCE DEMOCRACY AND BROADEN
POLITICAL PARTICIPATION, THE INTRODUCTION OF HUMAN RIGHTS
COURSES FOR MILITARY OFFICERS BY THE TURKISH GENERAL STAFF,
AND PILOT PROGRAMS TO HELP DISPLACED VILLAGERS RETURN TO
THEIR LAND. TURKEY'S PARLIAMENT THIS FALL WILL CONSIDER

CHANGES IN ARTICLE 8 OF THE ANTI-TERROR LAW, WHICH HAS BEEN
USED TO CONSTRAIN FREEDOM OF EXPRESSION.

-- MORE NEEDS TO BE DONE, PARTICULARLY WITH REGARD TO
TORTURE AND CONSTRAINTS ON FREEDOM OF EXPRESSION. WE STILL
NEED REAL IMPROVEMENT ON THE GROUND IN THE SOUTHEAST.

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NEVERTHELESS, THERE APPEARS OF BE MOVEMENT IN THE RIGHT DIRECTION.

FOR THE BRIEFER'S INFORMATION:

-- THE UNITED STATES HAS HAD A MILITARY SUPPLY RELATIONSHIP WITH TURKEY FOR OVER 40 YEARS. IT IS REASONABLE TO ASSUME, THEREFORE, THAT ANKARA HAS USED U.S.-ORIGIN EQUIPMENT AGAINST THE PKK SINCE THE CONFLICT STARTED NEARLY 11 YEARS AGO.

-- IT IS SIMPLY NOT ACCURATE TO IMPLY THAT U.S. MILITARY ASSISTANCE TO TURKEY HAS INCREASED IN THE PAST FOUR YEARS. QUITE THE OPPOSITE IS TRUE. IN 1991, OUR ASSISTANCE TO TURKEY WAS SOME \$500 MILLION IN GRANT MILITARY AID AND \$100 IN ECONOMIC ASSISTANCE. IN FY 1995, WE PROVIDED \$320 MILLION IN MARKET RATE LOANS, AND LESS THAN \$50 MILLION IN ASSISTANCE. THE TREND CONTINUES DOWNWARD.

-- IT IS ALSO A DISTORTION TO LABEL THE KURDISTAN WORKER' PARTY (PKK) A "WEAK", "KURDISH GUERRILLA GROUP.FV THE PKK IS A RECOGNIZED VICIOUS TERRORIST ORGANIZATION, WHICH HAS NOT HESITATED TO ATTACK WESTERN AND U.S. INTERESTS.

LIBYA WITHDRAWAL FROM UNSC BID

Q. WHAT IS THE USG RESPONSE TO LIBYA'S WITHDRAWAL FROM THE UNSC SEAT BID?

A: -- WE HAVE SEEN THE LIBYAN ANNOUNCEMENT THAT THEY HAVE
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WITHDRAWN THEIR CANDIDACY FOR A UNSC SEAT COMING OPEN IN JANUARY 1996.

-- SINCE LIBYA IS SUBJECT TO SANCTIONS UNDER THE UN CHARTER FOR ITS ROLE IN INTERNATIONAL TERRORISM, WE AND MANY OTHER MEMBERS OF THE UNITED NATIONS WERE CONVINCED THAT LIBYA'S CANDIDACY WAS CONTRARY TO THE INTERESTS OF THE UNITED NATIONS AND THE INTERNATIONAL COMMUNITY.

-- HOWEVER, WE WILL NOT CONSIDER LIBYA'S WITHDRAWAL OFFICIAL UNTIL THE AFRICA GROUP, WHICH ORIGINALLY ENDORSED

LIBY'S CANDIDACY, SELECTS ANOTHER CANDIDATE. WE THINK IT IS APPROPRIATE THAT THAT CANDIDATE SHOULD BE AN ARAB STATE.

Q. WHAT DO YOU THINK ABOUT THE REPORT THAT EGYPT WILL REPRESENT ARAB STATES ON THE UNSC?

A: -- IF IT TURNS OUT THAT THE AFRICA GROUP SELECTS EGYPT TO REPLACE LIBYA, WE WOULD WELCOME SUCH A DEVELOPMENT.

-- WE GREATLY ESTEEM EGYPT'S ROLE IN THE INTERNATIONAL COMMUNITY AND IN PARTICULAR, ITS CONTRIBUTION TO THE PEACE PROCESS AND REGIONAL COOPERATION.

NOTE TO BRIEFER:

-- IF THE ISSUE OF A "SWAP" BETWEEN EGYPT AND LIBYA COMES UP, WE WANT TO AVOID ANY INDICATION THAT WE ACCEPT LIBYA'S BEING ON THE COUNCIL, EVEN EIGHT YEARS FROM NOW.

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-- AT THE SAME TIME, GIVEN QADHAFI'S MERCURIAL NATURE AND HIS PROVEN TRACK RECORD OF UNPREDICTABLE ACTIONS, WE DO NOT WANT TO PROVOKE HIM -- PRIOR TO OFFICIAL ACTION BY THE AFRICA GROUP TERMINATING THE CANDIDACY -- BY GLOATING OVER HIS WITHDRAWAL FROM THE RACE WHICH CONSTITUTES AN EMBARRASSING DEFEAT.

-- FOR THESE REASONS, WE NEED TO RESPOND IN A MEASURED AND NON-PROVOCATIVE MANNER TO ANY QUESTIONS ON THE ISSUE.

- WE ALSO DO NOT WANT TO BE SEEN PROMOTING THE EGYPTIAN CANDIDACY. THE FOCUS MUST BE ON AFRICA GROUP RESPONSIBILITY.

BOSNIA/CROATIA/SERBIA: POLICY POINTS

Q: WHAT HAS HOLBROOKE SAID ABOUT THE CONTACT GROUP TALKS IN MOSCOW?

A: -- YESTERDAY'S CONTACT GROUP MEETING IN MOSCOW COVERED THE RANGE OF ISSUES TO BE DISCUSSED AT UPCOMING PROXIMITY TALKS, INCLUDING ADMINISTRATIVE ARRANGEMENTS FOR THE TALKS, CONSTITUTIONAL ISSUES AND THE MAP.

-- IN ADDITION, A/S HOLBROOKE JOINED DEPUTY SECRETARY TALBOTT AND UNDER SECRETARY OF DEFENSE SLOCOMBE'S BILATERAL DISCUSSIONS WITH THE RUSSIANS ON THE PEACE PROCESS AND THE ROLE RUSSIA WILL PLAY IN THE IMPLEMENTATION FORCE.

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-- DEPUTY SECRETARY TALBOTT AND U/S SLOCOMBE TODAY LEFT MOSCOW FOR BRUSSELS.

-- RUSSIAN PARTICIPATION IN THE PEACE PROCESS HAS BEEN AN ESSENTIAL ELEMENT IN THE SUCCESS WE HAVE ENJOYED THUS FAR.

-- WE WELCOME RUSSIAN PARTICIPATION IN THE IMPLEMENTATION OF A PEACE SETTLEMENT. WE ARE STILL CONSULTING WITH THE RUSSIANS ON THE MODALITIES OF THIS PARTICIPATION.

Q: CAN YOU GIVE US A READOUT ON THE BELGRADE MEETINGS WITH MILOSEVIC?

A: -- A/S HOLBROOKE, RUSSIAN DEPUTY FOREIGN MINISTER IVANOV, AND EU NEGOTIATOR CARL BILDT YESTERDAY AND TODAY MET WITH SERBIAN PRESIDENT MILOSEVIC (MEE-LOH-SEH-VITCH).

-- THEY DISCUSSED THE UPCOMING PROXIMITY TALKS SET TO BEGIN ON OCTOBER 31, 1995 AT WRIGHT-PATTERSON AIRBASE IN OHIO. THEY REVIEWED THE ISSUES SURROUNDING THE TALKS.

Q: HOLBROOKE'S ITINERARY.

A: -- A/S HOLBROOKE AND HIS NEGOTIATING TEAM, RUSSIAN DEPUTY FOREIGN MINISTER IVANOV, AND EU NEGOTIATOR CARL BILDT LEFT BELGRADE THIS MORNING FOR SARAJEVO.

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-- THERE WERE NO CHANGES IN THE CONFRONTATION LINES
OVERNIGHT.

-- WE ARE HEARTENED BY THE SUCCESS OF THE CEASE-FIRE THUS
FAR.
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APPROVED BY: EUR/PA: ARSCHWAN
PA/PRESS (INFO): PAYOUNG

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E.O. 12356: N/A

TAGS: OPRC

SUBJECT: EUR DAILY PRESS GUIDANCE - OCTOBER 18, 1995

PARIS ALSO FOR USOECD, ROME ALSO FOR VATICAN, USVIENNA FOR USDEL
CSCE

1. THE FOLLOWING PRESS GUIDANCE WAS PREPARED AND
APPROVED BY THE BUREAU OF EUROPEAN AND CANADIAN AFFAIRS
FOR THE DEPARTMENT BRIEFING. QUESTIONS SHOULD BE
REFERRED TO ARIC SCHWAN OR JIM HUTCHESON, EUR PUBLIC
AFFAIRS.

2. BOSNIA/CROATIA/SERBIA: POLICY POINTS

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-- THERE WERE NO CHANGES IN THE CONFRONTATION LINES OVERNIGHT.

-- WE ARE HEARTENED BY THE SUCCESS OF THE CEASE-FIRE THUS FAR.

3. UK (NORTHERN IRELAND): MAYHEW HINTING AT COMPROMISE?

Q: IS BRITAIN'S NORTHERN IRELAND SECRETARY OF STATE
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MAYHEW HINTING AT A POSSIBLE COMPROMISE ON THE THE
BRITISH GOVERNMENT'S DEMAND THAT IRA ARMS BE
DECOMMISSIONED BEFORE SINN FEIN WILL BE PERMITTED
TO ALL PARTY TALKS?

A: -- I CAN ONLY REFER YOU TO THE ACTUAL TEXT OF
SECRETARY OF STATE MAYHEW'S COMMENTS AFTER HIS
MEETING YESTERDAY WITH IRISH FOREIGN MINISTER
SPRING. WE ASSUME HIS COMMENTS STATE THE
POSITION OF THE BRITISH GOVERNMENT ON THE
DECOMMISSIONING ISSUE.

Q: WHAT IS THE ROLE OF NSC ADVISOR TONY LAKE IN
ATTEMPTS BY THE BRITISH AND IRISH GOVERNMENTS TO
REACH A COMPROMISE WITH SINN FEIN ON THE
DECOMMISSIONING ISSUE?

A: -- MR. LAKE HAS BEEN MEETING WITH A VARIETY OF
POLITICAL LEADERS AND OFFICIALS IN LONDON THIS
WEEK. HE IS DISCUSSING A RANGE OF BILATERAL
ISSUES PRIOR TO THE PRESIDENT'S TRIP TO THE UK
AND IRELAND NEXT MONTH.

-- ON NORTHERN IRELAND, THE ROLE OF THE U.S. HAS
BEEN TO LOOK FOR WAYS TO BE HELPFUL AND
SUPPORTIVE OF THE EFFORTS OF THE PEOPLE OF
NORTHERN IRELAND AND THE BRITISH AND IRISH
GOVERNMENTS TO FIND A SETTLEMENT.

IF ASKED

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- THE US SUPPORTS THE DECOMMISSIONING OF ARMS IN NORTHERN IRELAND. IT IS UP TO THE PARTIES TO DECIDE HOW THAT SHOULD BE DONE.
- WHAT IS IMPORTANT IS THAT THE PARTIES MOVE AS QUICKLY AS POSSIBLE TO TALKS WHICH CAN MOVE THE PEACE PROCESS FORWARD.

4. FRANCE: REACTION TO OCTOBER 17 TRAIN BOMBING

Q: WHAT IS OUR REACTION TO THE OCTOBER 17 TERRORIST BOMBING ON PARIS COMMUTER TRAIN WHICH INJURED 26?

A: -- WE EXPRESS OUR PROFOUND SYMPATHIES TO THE GOVERNMENT AND PEOPLE OF FRANCE IN THE WAKE OF YESTERDAY'S TERRORIST BOMBING IN PARIS. WE CONDEMN THIS OUTRAGEOUS ATTACK ON INNOCENT CIVILIANS.

-- WE ARE UNAWARE OF ANY GROUP TAKING RESPONSIBILITY FOR THE BOMBING. FRENCH POLICE HAVE TOLD THE PRESS THAT THEY SUSPECT ALGERIAN MILITANTS OF HAVING PLACED THE DEVICE, WHICH WAS DESIGNED TO INFLICT MAXIMUM CASUALTIES.

-- THE INCIDENT FITS THE PATTERN OF SEVEN OTHER TERRORIST BOMBINGS WHICH HAVE OCCURRED IN FRANCE SINCE JULY. FRENCH AUTHORITIES BELIEVE ALGERIANS OPPOSED TO WHAT THEY INTERPRET AS

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GOF SUPPORT FOR THE ALGERIAN GOVERNMENT ARE RESPONSIBLE FOR THE CRIMES.

Q: WERE THERE ANY AMERICANS INJURED IN THE BLAST? WHAT ADVICE ABOUT THE BOMBINGS ARE WE GIVING AMERICANS TRAVELLING IN FRANCE?

A: -- THERE WERE NO AMERICANS AMONG THE VICTIMS.

-- WE UPDATED THE CONSULAR INFORMATION SHEET ON FRANCE ON SEPTEMBER 14 TO INFORM AMERICANS

TRAVELLING TO OR LIVING IN FRANCE OF THE RECENT BOMBINGS. THERE IS NO INDICATION THAT THE BOMBINGS ARE SPECIFICALLY DIRECTED AGAINST AMERICAN CITIZENS, BUSINESSES, OR INTERESTS.

5. ITALY: ARREST OF ARMANDO PAVON-REYES

Q: WHAT CAN YOU TELL US ABOUT THE ARREST OF ARMANDO PAVON REYES?

A: -- ITALIAN AUTHORITIES HAVE ARRESTED A MAN BELIEVED TO BE ARMANDO PAVON REYES. THE DEA IS WORKING CLOSELY WITH THEIR ITALIAN COUNTERPARTS TO POSITIVELY IDENTIFY THE MAN IN QUESTION.

-- I DON'T HAVE ANYTHING FURTHER FOR YOU ON THIS ISSUE AND REFER YOU TO THE DEA.

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6. VISIT OF CANADIAN FM ANDRE OUELLET

SECRETARY CHRISTOPHER AND CANADIAN FM ANDRE OUELLET ARE MEETING TODAY AT 1:45 P.M. HERE IN THE DEPARTMENT. THERE WILL BE A BRIEF PHOTO OP IMMEDIATELY BEFORE THEIR MEETING IN THE TREATY ROOM, STARTING AT 1:30 P.M.

IN THIS LATEST IN A LONG-STANDING SERIES OF FRUITFUL CONSULTATIONS, THE SECRETARY AND THE FM WILL DISCUSS A FULL RANGE OF BILATERAL AND MULTILATERAL ISSUES. THESE INCLUDE:

-- THE CURRENT SITUATION IN BOSNIA, INCLUDING THE STATUS OF THE CEASE-FIRE AND PEACE NEGOTIATIONS, AS WELL AS THE COMPOSITION OF IFOR;

-- OUR JOINT EFFORTS TO SUPPORT DEMOCRATIC

DEVELOPMENT IN HAITI; AND

- PROSPECTS FOR DEEPER ECONOMIC INTEGRATION
THROUGHOUT THE HEMISPHERE THROUGH THE
MIAMI PROCESS, AND ACROSS THE ASIA-PACIFIC
THROUGH APEC.

(IF ASKED):

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Q: WHAT IS THE U.S. POSITION ON THE UPCOMING QUEBEC
REFERENDUM?

A: -- THE UNITED STATES ENJOYS EXCELLENT RELATIONS
WITH A STRONG AND UNITED CANADA. CANADA'S
POLITICAL FUTURE IS, NATURALLY, FOR CANADIANS
TO DECIDE.

Q: WOULD THE UNITED STATES RECOGNIZE AN INDEPENDENT
QUEBEC? WOULD THE U.S. SUPPORT NAFTA MEMBERSHIP
FOR AN INDEPENDENT QUEBEC?

A: -- IT WOULD BE INAPPROPRIATE TO SPECULATE ON
THESE HYPOTHETICAL ISSUES.

-- REGARDING NAFTA, NOTHING IS AUTOMATIC.
NUMEROUS, COMPLICATED LEGAL ISSUES ARE
INVOLVED. WE HAVE GIVEN NO ASSURANCE ON
ACCESSION TO ANY PARTY.

7. TURKEY: NYT EDITORIAL

Q: WHAT IS YOUR REACTION TO THE EDITORIAL IN THE NEW
YORK TIMES, CLAIMING THAT TURKEY IS USING U.S.
MILITARY ASSISTANCE TO COMMIT HUMAN RIGHTS
VIOLATIONS AND PROLONG THE CONFLICT IN
SOUTHEASTERN TURKEY?

A: -- THE UNITED STATES PROVIDES MILITARY ASSISTANCE
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TO TURKEY FOR BROAD STRATEGIC REASONS IN THE
INTERESTS OF THE UNITED STATES AND THE WEST IN
GENERAL. WE HAVE RECOGNIZED THAT TURKEY IS
USING SOME OF THIS EQUIPMENT IN ITS EFFORT TO
CONTROL TERRORIST ACTIVITIES BY THE KURDISTAN
WORKERS' PARTY (PKK). THE UNITED STATES
STRONGLY CONDEMNS THE ACTIVITIES OF THE PKK
AND SUPPORTS THE GOVERNMENT OF TURKEY'S
EFFORTS TO COMBAT IT. IT IS LEGITIMATE FOR
TURKEY TO USE U.S.-PROVIDED WEAPONS FOR
INTERNAL SECURITY.

- HUMAN RIGHTS ARE A MAJOR CONSIDERATION IN OUR
WORLDWIDE ARMS TRANSFER POLICY. THE
DEPARTMENT OF STATE USES HUMAN RIGHTS AS AN
IMPORTANT CRITERION AS WE DECIDE ON ARMS SALES
AND MONITOR THEM AROUND THE WORLD.
- HUMAN RIGHTS ARE A MAJOR PART OF OUR DIALOGUE
WITH THE TURKISH GOVERNMENT. EVERY HIGH-LEVEL
OFFICIAL, BOTH FROM THE STATE DEPARTMENT AND
DOD, WHO HAS VISITED ANKARA HAS RAISED THE
ISSUE OF HUMAN RIGHTS AND ITS IMPORTANCE TO
U.S.-TURKISH RELATIONS. WE HAVE STARTED TO
ENGAGE THE TGS ON THIS SUBJECT AS WELL, AND
HAVE ENCOURAGED VISITORS FROM OTHER WESTERN
COUNTRIES TO SUPPORT THESE EFFORTS.
- THE UNITED STATES PROVIDES MILITARY EQUIPMENT
TO TURKEY BECAUSE IT IS VERY MUCH IN OUR
INTEREST TO DO SO.

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- TURKEY, A LOYAL AND LONGSTANDING NATO ALLY, IS
AT THE CENTER OF MANY CRITICAL QUESTIONS FOR
THE UNITED STATES ON THE EURASIAN CONTINENT ---
THE SITUATION IN THE BALKANS, STABILITY IN THE

AEGEAN, CONTAINMENT OF IRAN, SANCTIONS AGAINST IRAQ AND CONTINUATION OF OPERATION PROVIDE COMFORT, CASPIAN OIL AND RELATIONS WITH RUSSIA IN THE CAUCASUS AND CENTRAL ASIA.

- THE ASSUMPTION THAT CONDITIONING FURTHER MILITARY ASSISTANCE ON HUMAN RIGHTS REQUIREMENTS WOULD HAVE AN IMPACT ON THE WAR IN THE SOUTHEAST IS HIGHLY DUBIOUS. SUCH CONDITIONS WOULD ALMOST CERTAINLY RESULT IN TURKEY'S REJECTING THE AID ALTOGETHER AND TURNING TO OTHER SUPPLIERS, WHOSE CONCERN FOR HUMAN RIGHTS AS A KEY ELEMENT IN MILITARY EQUIPMENT TRANSFERS IS LESS THAN OURS.
 - TURKEY IS ALSO MAKING IMPORTANT EFFORTS TO IMPROVE ITS HUMAN RIGHTS PERFORMANCE.
 - THESE EFFORTS HAVE INCLUDED THE PASSAGE OF 16 CONSTITUTIONAL AMENDMENTS TO ENHANCE DEMOCRACY AND BROADEN POLITICAL PARTICIPATION, THE INTRODUCTION OF HUMAN RIGHTS COURSES FOR MILITARY OFFICERS BY THE TURKISH GENERAL STAFF, AND PILOT PROGRAMS TO HELP DISPLACED VILLAGERS RETURN TO THEIR LAND. TURKEY'S PARLIAMENT THIS FALL WILL CONSIDER CHANGES IN
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- MORE NEEDS TO BE DONE, PARTICULARLY WITH REGARD TO TORTURE AND CONSTRAINTS ON FREEDOM OF EXPRESSION. WE STILL NEED REAL IMPROVEMENT ON THE GROUND IN THE SOUTHEAST. NEVERTHELESS, THERE APPEARS OF BE MOVEMENT IN THE RIGHT DIRECTION.

MINIMIZE CONSIDERED

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AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
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GENEVA PASS USDEL ICFY - JACKOVICH
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VAHINGEN FOR //ECJ3/ECJ4/ECJ5/POLAD//
RAMSTEIN FOR //DO/LG/XP/IN/POLAD//

E.O. 12356: N/A
TAGS: PBTS, PGOV, PHSA, MOPS, UM, HR, BN, SI, SR
SUBJECT: CGY00L -- ZAGREB UPDATE JAN 13, 1993

SUMMARY

1. BUDISA ANNOUNCES HSLS READY TO RALLY IN THE
ZUPANIJA ELECTIONS. PRESIDENT TUDJMAN UPEAT ON
GENEVA CONFERENCE RESULTS. CROATS CLAIM "FRY"
TROOPS ATTACK ARMY POSITIONS. THIRTEEN MORE

CROATIAN ELDERLY DRIVEN FROM THEIR HOMES IN SECTOR
SOUTH. INTERIOR MINISTER DOWNPLAYS SLOVENIAN
PROTEST OVER PIRAN BAY PATROL. END SUMMARY.

HSLS WILL NOT BOYCOTT ZUPANIJA ELECTIONS

2. AT A JANUARY 12 PRESS CONFERENCE, HSLS
(CROATIAN SOCIAL LIBERAL PARTY) LEADER DRAZEN
BUDISA ANNOUNCED THAT HIS PARTY WILL NOT-BOYCOTT
THE ELECTIONS FOR THE SECOND PARLIAMENTARY
CHAMBER, THE HOUSE OF PARISHES, SCHEDULED FOR
FEBRUARY 7. ALTHOUGH THE HSLS IS NOT HAPPY WITH
SEVERAL ASPECTS OF THE UPCOMING VOTING, BUDISA
SAID ANY BOYCOTT WOULD FLY IN THE FACE OF STRONG
VOTER INTEREST EXPECTED FOR THE FIRST FREE
ELECTIONS FOR LOCAL AND DISTRICT OFFICES. BUDISA
CALLED FOR VOTERS TO CAST THEIR BALLOTS FOR
CANDIDATES WHO WILL CONTRIBUTE TO "A BALANCE" ON
CROATIA'S POLITICAL SCENE. COMMENT: THE HSLS IS
THE LARGEST OPPOSITION PARTY IN CROATIA AND ITS
PARTICIPATION IN THE BALLOTING WILL CONTRIBUTE TO
A LIVELY CAMPAIGN. SO FAR, ONLY TWO RIGHT WING
PARTIES, THE HSP AND HCSP, HAVE FORMALLY ANNOUNCED
A BOYCOTT.

TUDJMAN ON THE GENEVA CONFERENCE

3. ARRIVING FROM GENEVA JANUARY 12, PRESIDENT
TUDJMAN TOLD JOURNALISTS AT THE ZAGREB AIRPORT
THAT THE OUTCOME OF THE CONFERENCE ON FORMER
YUGOSLAVIA WAS "POSITIVE." HE CITED THE APPARENT
ACCEPTANCE BY THE BOSNIAN SERBIAN LEADER KARADZIC,
REPORTEDLY AFTER PRESSURE FROM MILOSEVIC, COSIC,

AND BULATOVIC, OF A PROPOSED FUTURE POLITICAL
ARRANGEMENT FOR BOSNIA-HERZEGOVINA. THE PRESIDENT
ALSO STRESSED THAT THERE WAS MOVEMENT ON THE
NORMALIZATION OF RELATIONS BETWEEN CROATIA AND
YUGOSLAVIA, A NORMALIZATION BASED ON "MUTUAL
RECOGNITION WITHIN THE BORDERS RECOGNIZED BY THE
INTERNATIONAL COMMUNITY." HE SAID THAT MEETINGS
WILL SOON BE HELD IN ZAGREB AND BELGRADE TO
FURTHER DISCUSS BILATERAL RELATIONS.

INCIDENT ON THE ZAGREB-LIPOVAC HIGHWAY

4. THE CROATIAN ARMY COMMAND IN SECTOR EAST
REPORTED THAT "FRY" SOLDIERS, DRESSED IN UNIFORMS
SIMILAR TO THOSE OF RUSSIAN UNPROFOR SOLDIERS,
ATTACKED CROATIAN ARMY POSITIONS JANUARY 11 NEAR
THE VOJVODINA BORDER. ACCORDING TO THE CROATIAN
COMPLAINT, THE ATTACKERS PASSED BEHIND THE BACKS
OF THE UNPROFOR SOLDIERS ON THE ZAGREB-LIPOVAC
HIGHWAY NEAR THE UNPROFOR CHECK POINT ON THE
BORDER BETWEEN CROATIA AND VOJVODINA. NO
CASUALTIES WERE REPORTED IN THE EXCHANGE OF FIRE.

ANOTHER 13 CROATS EXILED FROM SECTOR SOUTH

5. THIRTEEN ELDERLY PEOPLE FROM THE OCCUPIED
VILLAGES OF PODLAPAC AND SIROKA KULA IN UNPA
SECTOR SOUTH ARRIVED IN GOSPIC JANUARY 12. THE
DEPARTURE WAS ASSISTED BY UNPROFOR OFFICIALS AND
EXILEES WERE TAKEN IN BY THE GOSPIC RED CROSS.

CROATS AND SLOVENES ARGUE OVER PIRAN BAY LINES

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6. CROATIAN MINISTER OF THE INTERIOR IVAN JARNJAK
SAID IN A TV INTERVIEW JANUARY 12 THAT THE RECENT
SLOVENIAN PROTEST CONCERNING THE PRESENCE OF A
CROATIAN PATROL BOAT IN THE BAY OF PIRAN WAS
UNFOUNDED. THE CROATIAN GOVERNMENT SAID THE BOAT
WAS ON ITS REGULAR PATROL IN CROATIAN WATERS OFF
THE SOUTHEASTERN COAST OF THE BAY. ACCORDING TO
JARNJAK, THE BOAT TAKES THIS ROUTE EVERY DAY AND
WILL CONTINUE TO DO SO. COMMENT: A FORMAL
MARITIME DELIMITATION OF THE BAY OF PIRAN HAS NOT
BEEN DONE SINCE SLOVENIA AND CROATIA BECAME
INDEPENDENT, ALTHOUGH A BILATERAL COMMISSION HAS
BEEN ESTABLISHED TO DEMARCATHE THE BOUNDARY.

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AUTHORS ENVISION A RETURN TO A "PURE BYZANTINE CULTURE." THE NSD HAS TIES TO ULTRANATIONALIST LEADER VOJISLAV SESELI'S RADICAL PARTY BUT GOES A STEP BEYOND EVEN SESELI IN CONDEMNING WESTERN DEMOCRACY AND LIBERAL VALUES AS "SATANIC."

5. COMMENT: ALTHOUGH THE NSD LEADERSHIP CONTAINS SOME SIGNIFICANT INTELLECTUAL FIGURES AND A WELL-KNOWN THUG LIKE BOKAN, IT IS ESSENTIALLY A MARGINAL ORGANIZATION WITH NO COHERENT POLITICAL PROGRAM. EFFORTS AT ENGAGING IN "CULTURAL TERRORISM" HAVE SO FAR BEEN CONFINED TO THE ARENA OF PERFORMANCE ART AND LITERARY MUSINGS. THE FOUNDING OF THE NSD DOES, HOWEVER, HIGHLIGHT THE CURRENT POPULARITY OF RIGHT-WING OR PROTO-FASCIST THOUGHT, ESPECIALLY AMONG THE YOUNG. SUCH ORGANIZATIONS HAVE THE POTENTIAL TO DRIVE SERBIAN YOUTH TOWARDS AN EVEN MORE EXTREME AND XENOPHOBIC NATIONALISM, AN OUTCOME THAT WOULD BE IN LINE WITH REGIME EFFORTS TO PORTRAY THE SERBS AS STANDING ALONE AGAINST A HOSTILE WORLD.
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BRUSSELS ALSO FOR USEC

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TAGS: PREL, PGOV, ETIC, SOCI, PHUM, SR, MW
SUBJECT: TFSR01: SESELI'S COMPETITION: NEW SERBIAN
RIGHT MOVEMENT DENOUNCES "SATANIC" WESTERN
CULTURE

1. SUMMARY: A GROUP OF RADICAL INTELLECTUALS CALLING THEMSELVES THE NEW SERBIAN RIGHT (NOVA SRPSKA DESHICA--NSD) HAS CALLED FOR A CAMPAIGN OF "CULTURAL TERRORISM" AIMED AT UNDERMINING THE "SATANIC NEW WORLD ORDER." END SUMMARY.

2. IN A SIGN OF THE GROWING ACCEPTANCE WITHIN SERBIA OF AVOWEDLY ANTI-WESTERN AND ANTI-DEMOCRATIC IDEAS, NOVELIST AND PLAYWRITE ISADORA BJELICA AND NEBOJSA PAJKIC, PROFESSOR OF FILM AND SCREENPLAY WRITING AT BELGRADE UNIVERSITY, RECENTLY PUBLISHED A "MANIFESTO FOR THE NEW SERBIAN RIGHT" TRUMPETING A PAN-SLAVIC AND PAN-ORTHODOX ETHIC. THE TWO "INTELLECTUALS" CALLED FOR A CAMPAIGN OF "CULTURAL TERRORISM," DIRECTED AGAINST AN ILL-DEFINED "ESTABLISHMENT." THE NSD IS BACKING A NEW PUBLICATION, "NASA IDEA" (OUR IDEA), AND SPONSORED A "SUMMER FESTIVAL" IN THE VOJVODINA CITY OF NOVI SAD.

3. THE EDITOR-IN-CHIEF OF NASA IDEA, MOVIE DIRECTOR DRAGOSLAV BOKAN, IS THE FORMER LEADER OF SEVERAL PARAMILITARY ORGANIZATIONS INCLUDING THE WHITE EAGLES AND THE SERBIAN SWORD. THE INDEPENDENT, BELGRADE-BASED HUMAN RIGHTS ORGANIZATION THE HUMANITARIAN LAW FUND CONSIDERS HIM A DOCUMENTED WAR CRIMINAL. OTHER SIGNIFICANT MEMBERS OF NSD LEADERSHIP INCLUDE SIMONIDA STANKOVIC, A DESIGNER, AND DRAGOS KALAJIC, A PAINTER AND

AUTHOR.

4. THE SEMI-INDEPENDENT BELGRADE DAILY BORBA PUBLISHED EXCERPTS FROM THE GROUP'S MANIFESTO DENOUNCING A "DEGENERATE COSMOPOLITAN CULTURE IN WHICH DONALD DUCK IS MORE IMPORTANT THAN LAZARUS." (NOTE: PRINCE LAZARUS WAS THE SERBIAN LEADER AT THE BATTLE OF KOSOVO, AND ONE OF THE MOST REVERED FIGURES IN SERBIAN HISTORY.) THE

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UNCLAS SECTION 01 OF 03 BEIJING 031700

E.O. 12356: N/A
TAGS: PROP, CASC, CH
SUBJECT: CHINESE MFA BI-WEEKLY PRESS BRIEFING, TUESDAY,
JULY 18

1. IN THE BI-WEEKLY PRESS BRIEFING, JULY 18, CHINESE MFA
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SPOKESMAN SHEN GUOFANG RESPONDED TO QUESTIONS ON US-CHINA
RELATIONS AND ON THE INVESTIGATION AND TRIAL OF AMERICAN
CITIZEN HARRY WU. HE ALSO ANSWERED QUESTIONS ON
RELATIONS BETWEEN TAIWAN AND THE MAINLAND, VIETNAM AND
ASEAN, AND HONG KONG.

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RELATIONS BETWEEN THE U.S. AND CHINA

2. THE SPOKESMAN ANNOUNCED THAT CHINESE VICE-PREMIER/FOREIGN MINISTER QIAN QICHEN, AT THE INVITATION OF THE ASEAN STANDING COMMITTEE AND THE REGIONAL FORUM HOST COUNTRY, BRUNEI, WOULD ATTEND THE ASEAN REGIONAL FORUM AND POST MINISTERIAL MEETING. ASKED ABOUT THE SIGNIFICANCE OF A MEETING BETWEEN QIAN AND U.S. SECRETARY OF STATE WARREN CHRISTOPHER, THE SPOKESMAN INDICATED THAT THE AUGUST 1 MEETING BETWEEN QIAN AND CHRISTOPHER WOULD INVOLVE BILATERAL ISSUES. HE SAID THAT THE RESULTS OF THIS MEETING WOULD DETERMINE WHETHER IT WOULD BE A TURNING POINT IN U.S.-CHINA RELATIONS. HE SAID THAT CHINA HOPED THAT THE U.S. WOULD SHOW DURING THE MEETING THAT IT WAS WILLING TO TAKE CONCRETE MEASURES TO RESTORE THE BILATERAL RELATIONSHIP.

3. REPORTER NOTED THAT AN EARLIER U.S. PROPOSAL FOR A HIGH-LEVEL MEETING AFTER THE LEE TENG-HUI VISIT TO THE U.S. WAS REJECTED BY THE CHINESE, AND ASKED WHETHER THE SCHEDULED MEETING BETWEEN THE TWO SIDES REPRESENTED A POLICY SHIFT ON THE CHINESE SIDE. THE SPOKESMAN ASSERTED THAT CHINESE POLICY TOWARD THE U.S. HAD BEEN CONSISTENT, AND THAT THE CHINESE HAD ALWAYS SOUGHT TO MAINTAIN A GOOD

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AND COOPERATIVE RELATIONSHIP WITH THE U.S. NOTING THAT THIS WAS MUTUALLY BENEFICIAL, HE SAID THAT CHINA HOPED FOR A RETURN TO THIS KIND OF RELATIONSHIP.

4. A REPORTER NOTED THAT SECRETARY OF STATE CHRISTOPHER WAS REPORTED TO HAVE SAID THAT HE COULD NOT INSURE THAT LEE TENG-HUI WOULD NOT VISIT THE U.S. IN THE FUTURE, AND ASKED ABOUT THE EFFECT OF THIS STATEMENT ON U.S.-CHINA RELATIONS. THE SPOKESMAN SAID THAT HEALTHY RELATIONS BETWEEN THE U.S. AND CHINA WAS HELPFUL TO BOTH SIDES. HE SAID THAT U.S.-CHINA AGREEMENTS LIMITED THE U.S. AND TAIWAN TO TRADE AND ECONOMIC RELATIONS, AND THAT CONTINUED VIOLATION OF THESE AGREEMENTS WOULD FURTHER HURT U.S.-CHINA RELATIONS.

5. SEVERAL REPORTERS NOTED RECENT U.S. GOVERNMENT CLAIMS THAT CHINA WAS VIOLATING BIOLOGICAL WEAPONS AND MISSILE TECHNOLOGY CONTROL REGIME (MTCR) AGREEMENTS. THEY ALSO NOTED RECENT REPORTS OF CONSIDERATION OF SANCTIONS

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AGAINST CHINA BY THE U.S. GOVERNMENT FOR SALES OF CHEMICAL WEAPONS AND MISSILE TECHNOLOGY TO IRAN. THEY ASKED THE SPOKESMAN ABOUT THE EFFECT OF THIS ON U.S.-CHINA RELATIONS. THE SPOKESMAN SAID THAT IT WAS GROUNDLESS TO ACCUSE CHINA OF MAKING BIOLOGICAL WEAPONS AND DENIED THAT CHINA HAD EVER EXPORTED MISSILE COMPONENTS OR CHEMICAL WEAPONS TO IRAN. HE SAID THAT INSTEAD OF MAKING SUCH CLAIMS AGAINST CHINA THAT THE U.S. SHOULD FOCUS ON TAKING CONCRETE ACTIONS TO HELP REPAIR THE RELATIONSHIP.

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INVESTIGATION AND TRIAL OF HARRY WU

6. SEVERAL QUESTIONS WERE ASKED REGARDING ARRESTED U.S. CITIZEN HARRY WU. REPORTERS ASKED QUESTIONS ABOUT THE SPECIFIC EVENTS OF JUNE 19, 1995, THAT LED TO WU'S DETAINMENT; WHETHER WU HAD A VALID U.S. PASSPORT AND CHINESE VISA WHEN HE SOUGHT TO ENTER CHINA; AND WHETHER QIAN QICHEN WOULD BE PREPARED TO DISCUSS WU'S CASE AT MEETING WITH SECRETARY CHRISTOPHER. THE SPOKESMAN SAID THAT THE TOPICS OF DISCUSSION BETWEEN QIAN AND CHRISTOPHER WOULD BE DECIDED BY THE PARTICIPANTS THEMSELVES. HE SAID THAT HARRY WU'S CASE WAS AN ISOLATED, INDEPENDENT CRIMINAL CASE. THE QUESTION OF WU'S PASSPORT AND VISA WAS UNDER INVESTIGATION BY THE JUDICIAL DEPARTMENT. AS FOR THE IDENTIFICATION OF WHAT CRIMES WU COMMITTED, HE SAID THAT THIS WOULD BE CLEAR AFTER THE JUDICIAL INVESTIGATION AND TRIAL. WHEN ASKED WHETHER HE WAS CONFIRMING THAT HARRY WU WOULD HAVE A TRIAL, THE SPOKESMAN SAID THAT THIS WAS TO BE DECIDED BY THE JUDICIAL DEPARTMENT.

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TAGS: PROP, CASC, CH
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RELATIONS BETWEEN TAIWAN AND THE MAINLAND

7. SEVERAL REPORTERS ASKED QUESTIONS ABOUT TAIWAN-CHINA RELATIONS. WHEN ASKED ABOUT THE POSSIBILITY OF RESUMPTION OF TAIWAN-CHINA TALKS, THE SPOKESMAN SAID THAT IT WAS OUT OF THE QUESTION FOR NOW. A REPORTER NOTED THAT LEE TENG-HUI IS REPORTED TO WANT TO ATTEND THE UPCOMING APEC SUMMIT MEETING IN OSAKA AND ASKED WHAT EFFECT LEE'S ATTENDANCE WOULD HAVE ON U.S.-CHINA RELATIONS. THE SPOKESMAN SAID THAT IT WAS IMPOSSIBLE FOR LEE TO ATTEND THE INFORMAL APEC LEADERS' MEETING, NOTING THAT THE JAPANESE GOVERNMENT HAD REITERATED ITS INTENTION OF FOLLOWING THE SEATTLE AND JAKARTA SUMMIT MODELS.

8. A REPORTER ASKED THE SPOKESMAN TO COMMENT ON SOME TAIWAN POLITICIANS' RECENT ASSERTION THAT THE GOVERNMENT IN TAIWAN, AS THE REPUBLIC OF CHINA, IS THE LEGITIMATE GOVERNMENT OF CHINA. THE SPOKESMAN ASSERTED THAT THERE IS ONE CHINA, THAT THE PRC IS THE SOLE LEGAL GOVERNMENT OF ALL CHINA, AND THAT TAIWAN IS PART OF CHINA. HE SAID THAT THIS IS A UNIVERSALLY RECOGNIZED FACT, AND THAT THE PRC IS RECOGNIZED BY A MAJORITY OF UN MEMBER STATES. HE FURTHER NOTED THAT TAIWAN IS ONLY RECOGNIZED BY APEC AND ASEAN AS A REGIONAL ECONOMY.

ASEAN REGIONAL FORUM

9. A REPORTER ASKED ABOUT CHINA'S POSITION ON VIETNAM'S ADMISSION TO ASEAN AND WHETHER CHINA WOULD ELABORATE ITS

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POSITION ON THE SPRATLY ISLANDS AT THE ASEAN REGIONAL FORUM. THE SPOKESMAN SAID THAT QIAN QICHEN WOULD TALK WITH HIS ASEAN COUNTERPARTS ABOUT RELATIONS BETWEEN ASEAN MEMBER COUNTRIES AND CHINA, REGIONAL ISSUES AND INTERNATIONAL ISSUES. HE SAID THAT ASEAN HAD HAD SUCCESS IN VARIOUS FIELDS, INCLUDING SECURITY, AND THAT IT HAD BEEN VERY USEFUL IN PROMOTING PEACE AND STABILITY. THE SPOKESMAN SAID THAT HE HOPED THAT VIETNAM WOULD FOLLOW THE EXAMPLE OF OTHER ASEAN COUNTRIES ONCE IT WAS ADMITTED. HE NOTED THAT CHINA HAS ENJOYED GOOD RELATIONS WITH ASEAN MEMBER COUNTRIES AND VIETNAM, AND SAID THAT HE EXPECTED CONTINUED COOPERATION AND ADVANCEMENT OF

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STABILITY AND COOPERATION WITH VIETNAM WITHIN ASEAN.

HONG KONG ISSUES

10. THERE WERE SEVERAL QUESTIONS REGARDING HONG KONG. A REPORTER ASKED FOR CHINA'S VIEWS ON HONG KONG GOVERNOR CHRIS PATTEN'S PROPOSALS REGARDING CONTAINER TERMINAL NINE. THE SPOKESMAN STATED THAT CHINA HOPED THAT THE BIDDING ON THE CONTRACT OF TERMINAL NINE WOULD BE OPEN AND HONEST. CHINA HOPED THAT BRITAIN WOULD SOLICIT THE

OPINIONS OF HONG KONG CITIZENS FROM ALL WALKS OF LIFE ON THIS ISSUE. HE ALSO SAID THAT CHINA HOPED THAT BRITAIN WOULD PUT FORWARD AN EARLY PROPOSAL ON THIS ISSUE TO HELP FACILITATE THE SMOOTH TRANSFER OF HONG KONG IN 1997.

11. A REPORTER NOTED THAT BRITISH PRIME MINISTER JOHN MAJOR HAD RECENTLY APPOINTED A PERSON WITH LITTLE
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KNOWLEDGE OF HONG KONG TO DEAL WITH HONG KONG ISSUES. HE ALSO NOTED THAT THERE WAS A NEWLY APPOINTED FOREIGN SECRETARY, AND SUGGESTED THAT THIS COMBINATION WOULD GIVE PATTEN MORE INFLUENCE IN DECIDING HONG KONG ISSUES. THE SPOKESMAN WAS ASKED WHETHER CHINA WOULD NOW TREAT PATTEN DIFFERENTLY. THE SPOKESMAN STATED THAT CHINA'S POLICY TOWARD HONG KONG WAS NOT DECIDED BY PERSONAGES. HE SAID THAT THE PRINCIPAL ISSUES REGARDING HONG KONG HAD ALREADY BEEN DECIDED, AND THAT WHAT WAS LEFT WAS SIMPLY IMPLEMENTATION, AND THAT CHINA EXPECTED BRITAIN TO ABIDE BY THE AGREED UPON HONG KONG BASIC LAW AND SINO-BRITISH AGREEMENTS.

12. THE SPOKESMAN WAS ASKED WHETHER SINO-BRITISH RELATIONS HAD BEEN RESTORED TO A LEVEL OF COOPERATION. HE SAID THAT GOOD COOPERATION BETWEEN BRITAIN AND CHINA ON HONG KONG ISSUES WAS CONDUCIVE TO THE SMOOTH TRANSFER OF HONG KONG, AND HOPED THAT BRITAIN WOULD MAINTAIN A RELATIONSHIP OF COOPERATION UP TO JULY 1, 1997. WHEN ASKED WHETHER CHINA WOULD BE MORE FLEXIBLE NOW THAT BRITAIN HAD PUT FORWARD A PROPOSAL FOR CONTAINER TERMINAL NINE, THE SPOKESMAN SAID THAT CHINA HAD ALWAYS BEEN

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UNCLAS SECTION 03 OF 03 BEIJING 031700

E.O. 12356: N/A
TAGS: PROP, CASC, CH
SUBJECT: CHINESE MFA BI-WEEKLY PRESS BRIEFING, TUESDAY,
JULY 18

FLEXIBLE ON THIS ISSUE, AND WAS CONCERNED LARGELY WITH

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DOC_NUMBER: 95BEIJIN31700

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OPENNESS AND FAIRNESS ON THIS ISSUE. HALLFORD

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*** Current Classification *** UNCLASSIFIED

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CHANNEL: n/a

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C O R R E C T E D C O P Y (ADDEE)

E.O. 12356: N/A
TAGS: OREP ASEC, KS, CH, JA
SUBJECT: CODEL BINGAMAN

1. SENATOR JEFF BINGAMAN (D-NM), A MEMBER OF THE SENATE
ARMED SERVICES COMMITTEE WILL TRAVEL TO CHINA KOREA

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SENATOR BINGAMAN WILL BE ACCOMPANIED BY HIS WIFE AND

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MON 8/14 0720 LV WASHDC UA-187 AR SAN FRANCISCO 0949
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MON 8/28 1650 LV SEOUL UA-826 AR TOKYO 1900
(TRAVEL VIA TRAIN TO OSAKA)
SUN 9/3 1800 LV OSAKA KANSAI UA-81N AR SAN FRANCISCO 1140.

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6. FUNDING AUTHORIZATION WILL FOLLOW VIA UNCLASS SEPTTEL.
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FM SECSTATE WASHDC

TO AMEMBASSY BEIJING IMMEDIATE

AMEMBASSY SEOUL IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

INFO AMCONSUL OSAKA KOBE PRIORITY

USCINCPAC HONOLULU HI PRIORITY

DEPT OF NAVY WASHDC PRIORITY

STATE 178908

E.O. 12356: N/A

TAGS: OREP ASEC, KS, CH, JA

SUBJECT: CODEL BINGAMAN

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1. SENATOR JEFF BINGAMAN (D-NM), A MEMBER OF THE SENATE ARMED SERVICES COMMITTEE, WILL TRAVEL TO CHINA KOREA AND JAPAN DURING THE PERIOD AUGUST 15-SEPTEMBER 2. SENATOR BINGAMAN WILL BE ACCOMPANIED BY HIS WIFE AND SON, AS WELL AS TWO PERSONAL STAFF MEMBERS, PATRICK VON BARGEN CHIEF OF STAFF, AND STEVE CLEMONS, SENIOR POLICY ADVISOR. CAPT. BILLY LEWIS, NAVY LIAISON OFFICE WILL ESCORT THE CODEL. HE MAY BE CONTACTED AT (W) 202/224-4681; (H) 703/569-3382; (FAX) 202/685-6005.

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Date Printed: 01/09/1997

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FM SECSTATE WASHDC

TO AMEMBASSY BEIJING PRIORITY

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL GUANGZHOU

AMCONSUL SHANGHAI

AMCONSUL SHENYANG

AMCONSUL HONG KONG

AMEMBASSY ULAANBAATAR

USMISSION USUN NEW YORK

AMEMBASSY PARIS

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Date: 5/27/97
EO Citations: _____

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PA Exemptions: () DOWNGRADE TO () () ()

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USUN FOR WALLACE; PARIS FOR ZEYA; BEIJING PASS CHENGDU

E.O. 12356: DECL: OADR

PAGE 02 STATE 175897 221858Z
TAGS: PREL CH HK, MG, US
SUBJECT: WEEKLY STATUS REPORT: EAP/CM - JULY 21, 1995

TO: EAP - AMBASSADOR LORD

FROM: EAP/CM - BILL STANTON, ACTING

AUGUST 1 BILATERAL MEETING WITH CHINESE

1 (C) CHINESE VICE PREMIER/FOREIGN MINISTER QIAN QICHEN HAS AGREED TO A BILATERAL MEETING WITH THE SECRETARY ON AUGUST 1 IN BRUNEI. ON THE MARGINS OF THE ASEAN REGIONAL FORUM (ARF) SECURITY DIA OGUE MEETING THIS WILL BE THE FIRST CHANCE FOR US TO REENGAGE WITH THE CHINESE AT A HIGH LEVEL SINCE THE VISIT TO THE U.S. OF LEE TENG-HUI (PR)

4WC ROUND UP

2 () REPRESENTATIVE CHRIS SMITH HAS INTRODUCED LEGISLATION LINKING U.S. PARTICIPATION IN THE WOMEN S

CONFERENCE TO A NUMBER OF CONDITIONS, INCLUDING THE RELEASE OF DETAINED U.S. CITIZEN HARRY WU. SENATOR DOLE IS EXPECTED TO INTRODUCE A SIMILAR MEASURE NEXT WEEK IN OTHER NEWS, A DEAL WAS STRUCK AT THE ECOSOC CONFERENCE IN GENEVA THIS WEEK WHEREBY THE CHINESE DELEGATION AGREED TO THE ACCREDITATION OF THE NGO "HUMAN RIGHTS IN CHINA, IN RETURN FOR AGREEMENT THAT ECOSOC WOULD NOT CONCUR WITH THE

[REDACTED]

PAGE 03 STATE 175897 221858Z
RECOMMENDATION TO ACCREDIT TWO OTHER GROUPS WITH TIBETAN RIGHTS AGENDAS. THE CHINESE ARE STILL EXPECTED TO REFUSE VISAS TO THE CONFERENCE TO PARTICIPANTS FROM GROUPS THEY OPPOSE. ON LOGISTICS, THE CHINESE ORGANIZING COMMITTEE (COC) HAS STILL NOT ISSUED GUIDELINES FOR PARTICIPANTS ON HOW TO REGISTER EQUIPMENT AND MATERIALS PRIOR TO THE CONFERENCE. HOTEL CONFIRMATION LETTERS NECESSARY FOR VISA ISSUANCE, HAVE ONLY JUST BEGUN TO BE ISSUED BY THE COC. CAUSING PROBLEMS FOR THOSE PLANNING TO LEAVE EARLY ON BUSINESS OR FOR TOURS. WE HAVE ALSO LEARNED THAT THE DURATION OF THE VISAS FOR THE CONFERENCE WILL BE RESTRICTED TO 25 DAYS, A LIMITATION WHICH WILL CAUSE PROBLEMS FOR THOSE PLANNING TO VACATION IN CHINA AFTERWARDS.
(HRB)

MFN PASSES IN THE HOUSE

3 (LOU) THE BEREUTER/PELOSI/WOLF BILL, DESIGNED TO ALLOW

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CONGRESS TO EXPRESS ITS ANGER TOWARD CHINA OVER HUMAN RIGHTS NON-PROLIFERATION. AND OTHER ISSUES WITHOUT REVOKING MFN, PASSED OVERWHELMINGLY, 416-10. THE SUBSEQUENT MOTION TO TABLE THE RESOLUTION TO DISAPPROVE MFN ALSO PASSED BY A LARGE MARGIN 321-107. THE FOCUS OF THE ACTION NOW SWITCHES TO THE SENATE. SENATORS FIENGO AND HELMS HAVE INTRODUCED A MEASURE CALLING FOR THE REVOCATION OF CHINA'S MFN STATUS. AT THIS POINT WE DO NOT THINK IT WILL GO ANYWHERE. WE MAY SEE, HOWEVER, UNHELPFUL AMENDMENTS TO VARIOUS SENATE BILLS CALLING FOR FUND CUTOFFS FOR THE WOMEN'S CONFERENCE UNLESS HARRY WU IS

PAGE 04 STATE 175897 221858Z
RELEASED, OR AMENDMENTS CALLING FOR REVOCATION OF MFN TO PUNISH CHINA FOR ARMS SALES TO PAKISTAN OR IRAN.
(MWM)

DESTINATION OF M/V JUNG SHENG NO 8 STILL IN DOUBT

4 (C) THE PRC HAS REFUSED TO ACCEPT THE REPATRIATION OF THE CHINESE NATIONALS ABOARD THE ALIEN SMUGGLING BOAT JUNG SHENG NO. 8 FROM ANY COUNTRY OTHER THAN THE UNITED

STATES. AS A RESULT OUR INITIAL PLANS TO TAKE THE MIGRANTS TO KWAJALEIN IN THE MARSHALL ISLANDS HAVE BEEN SCRAPPED. ALTHOUGH WE HAVE ASKED THE CHINESE TO RECONSIDER THEIR DECISION AN INTERAGENCY GROUP IS CURRENTLY CONSIDERING WHERE ELSE WE CAN TAKE THE MIGRANTS WITHOUT AFFORDING THEM THE OPPORTUNITY TO CLAIM ASYLUM IN THE U.S. THE MOST PROBABLE DESTINATION AT THIS POINT IS WAKE ISLAND. THE CHINESE DECISION WAS CLEARLY INTENDED AS ANOTHER SIGNAL OF DISPLEASURE OVER THE LEE TENG-HUI VISIT TO THE U.S. (PAN) TALBOTT

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*** Current Handling Restrictions *** STADIS, ONLY
*** Current Classification ***

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P-56-D
attachment CC

To: John Weeks
From: Dick Sweeney *DS*
Re: Restricted Countries List

R

John, I received some additional information regarding countries that the U.S. Government will not allow the export of cryptographic technology. Essentially, there are two lists, classified as 'Terrorist' and 'Bad Guys'. As you will note, there is crossover on the lists, so I'm not sure why the NSA breaks out the lists, unless there is some secret agency reason they don't want to tell me about.

Terrorist Countries

- Iran
- Syria
- Libya
- Sudan

Restricted Countries

- Iran
- Iraq
- Libya
- North Korea
- Cuba

If it helps, I was also given the names of two NSA contacts at State who handle export issues.

Kathy Etheringhouse 703-812-2377

Darlene Staniscewski 703-812-2495

Of course, I will be happy to assist whenever you think necessary, just give me a call.

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DEPARTMENT OF STATE

IS/FPC/CDR

Date: 12/17/97

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PA Exemptions _____

MR Cases Only:

EO Citations _____

TS authority to.

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P-56

U.S. Mission to the O.E.C.D.

19, rue de Franqueville, 75016 Paris
Tel: (33/1) 45.24.74.77

R

INFORMATION MEMORANDUM

December 6, 1996

TO: AMBASSADOR Aaron
FROM: MINEF - John Weeks *JW*
SUBJECT: U.S. Financial Institutions and Cryptography

Following up on your questions:

(1) Level of cryptography permitted to banks and financial institutions for export?

Only algorithm permitted is DES, 56 bit.

(2) Any restrictions on its use?

Only restriction is it cannot be exported to Cuba, Libya, Iran, Iraq, and North Korea.

South Korea won't let in shipments, but that is their rule not our's.

(3) Who keeps the keys? Do they escrow?

No escrowing of the key.

Key is kept within the financial institution and by the Federal Reserve. Justice may obtain the key with a court order.

Each financial institution establishes its own procedures and control mechanisms. Larger institutions have good systems of security, smaller ones may be spotty.

(4) Is licensing done on a case-by-case basis?

Prior to October 1, export licenses required the approval of the State Department and the NSA.

Since October 1, this function has shifted to the Commerce Department. However, NSA still reviews the applications for export to ensure that there is no improper shipping of algorithms. Justice has a "veto" over export licenses.

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IS/FPC/CDR *AF*

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UNCLASSIFIED Department of State

INCOMING TELEGRAM E222

PAGE 01
ACTION EA-12

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MANILA #373# 260425Z

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 6677

-----MANILA #373#

E.O. 12065: GDS #2/26/86 MURPHY, RICHARD W.) OR/M
TAGS: SHUM, PINT, RP
SUBJECT: HUMAN RIGHTS CASES: MEETING WITH ENRILE

1. (CONFIDENTIAL - ENTIRE TEXT).

2. SUMMARY: ENRILE DISMISSED SIXTO CARLOS CASE WITH EXPLANATION THAT GENERAL VER'S NATIONAL INTELLIGENCE SECURITY AGENCY IS HANDLING IT, NOT MINISTRY OF DEFENSE. INVESTIGATION IN OLAGUER CASE CONTINUES; ENRILE REJECTS NOTION THAT THOSE INVOLVED ARE CLUMSY AMATEURS, AND SAID GOVERNMENT "WILL NEVER RELEASE THEM." ENRILE SAID ALLEGED CIA INVOLVEMENT IN OLAGUER CASE IS "NONSENSE." ONE HUNDRED FIFTY-TWO MOSLEM STUDENT DETAINEES WERE RELEASED IN JANUARY; TWENTY-FIVE ARE STILL BEING HELD BUT WILL BE RELEASED AT END OF SCHOOL YEAR. END SUMMARY.

3. AMBASSADOR RAISED FOUR HUMAN RIGHTS CASES WITH DEFIN ENRILE IN FEBRUARY 22 MEETING: SIXTO CARLOS, JR., OLAGUER, MUSLIM STUDENT DETAINEES, AND DE LA TORRE (REPORTED SEPTIL).

4. SIXTO CARLOS, JR.: ENRILE DISMISSED CARLOS CASE WITH EXPLANATION THAT THIS IS A NISA MATTER (GENERAL VER'S NATIONAL INTELLIGENCE SECURITY AGENCY), NOT MINISTRY OF DEFENSE (MOD). ENRILE SAID IN REGARD TO CARLOS THAT THE COMMUNISTS SEEM TO HAVE THE BEST ACCESS TO PUBLIC OPINION BOTH IN THE COUNTRY AND ABROAD. DEFIN STATED THAT AS A RESULT HIS MINISTRY IS GETTING COMPLAINTS FROM POLICE OFFICERS WHO ASK: "WHY ARREST THESE PEOPLE -- THEY ARE ALWAYS SET FREE ANYHOW." THE PUBLICITY EXTREMISTS GET MAKES OFFICERS THINK TWICE. (COMMENT: ENRILE NEGLECTED TO MENTION THAT ON FEBRUARY 6 HIS MINISTRY ISSUED A STATEMENT "DEBUNKING" CHARGES OF ALLEGED TORTURE OF SIXTO CARLOS, JR. STATEMENT SAID THAT TORTURE CHARGE IS STANDARD ACCUSATION OF EVERY DETAINEE FACING REBELLION OR SUBVERSION CASES TO MINIMIZE CREDIBILITY OF GOVERNMENT EVIDENCE, ADDING THAT INFORMATION OF TORTURE CAME TO LIGHT ONLY AFTER A "PROMINENT LAWYER, KNOWN TO BE FAVORITE COUNSEL OF MOST SUBVERSIVE SUSPECTS," WAS ALLOWED TO SEE HIS CLIENT. END COMMENT.)

5. OLAGUER CASE: ENRILE DISPLAYED MORE INTEREST IN THIS SUBJECT THAN ANY OTHER. THERE HAVE BEEN NO FORMAL CHARGES FILED YET; THE INVESTIGATION CONTINUES. ENRILE DOUBTS THAT PHILIPPINE AUTHORITIES HAVE GATHERED EVERYTHING THEY NEED. HE COMMENTED THAT IT WAS THE MAJOR RELIGIOUS SUPERIORS WHO ASKED FOR RELEASE OF OLAGUER GROUP IMMEDIATELY AFTER THEY WERE ARRESTED, AND GOVERNMENT RESPONSE WAS A RESOUNDING NO. INDIVIDUALS ARE NOT BEING TORTURED, ENRILE UNDERLINED; HOWEVER, KEY PEOPLE ARE BEING KEPT ISOLATED FROM EACH OTHER, AND THEY ARE BEGINNING TO TALK. ENRILE STATED THAT THERE IS NO NEED FOR EXTRA-LEGAL MEASURES TO BE TAKEN IN THIS CASE; GOVERNMENT HAS LOTS OF EVIDENCE ALREADY, INCLUDING THE GROUP'S CRYPTO SYSTEM, THEIR MASTER PLAN, AND OTHER THINGS.

6. ENRILE REJECTED THE NOTION THAT OLAGUER GROUP MEMBERS

ARE CLUMSY AMATEURS. GOVERNMENT IS CONCERNED, HE NOTED. OLAGUER GROUP HAS A CLEARLY THOUGHT-OUT PLAN, INCLUDING THE ASSASSINATION OF KEY PERSONALITIES. ENRILE STATED: "WE WILL NEVER RELEASE THEM." HE WARNED AMBASSADOR NOT TO THINK THEY ARE INNOCENTS. THEY HAVE BEEN TOGETHER FOR ONE-TWO YEARS. THEIR PROPAGANDA DOES NOT COMPLETELY REPRESENT WHAT THEY ARE. THEY WERE IN THE STAGE OF LOOKING FOR MANPOWER TO INCREASE THEIR NUMBERS. OLAGUER HIMSELF TOLD ENRILE THAT THE ROAD THEY CHOSE WAS A COMMITMENT -- THE ONLY WAY THEY COULD RID THE COUNTRY OF THE REGIME.

7. IN RESPONSE TO AMBASSADOR'S OBSERVATION ABOUT PUBLICITY ALLEGING CIA INVOLVEMENT IN THIS CASE, ENRILE SAID THAT THIS CHARGE IS NONSENSE. AMBASSADOR ALSO EXPLAINED THAT IN NO US AIRPORT IS HOLD LUGGAGE INSPECTED; HAND LUGGAGE IS. (NOTE: LOCAL MEDIA HAVE MADE MUCH OF ABILITY OF AMCIT BEN LIM, WHO IS PART OF OLAGUER GROUP, TO GET A SUITCASE FULL OF DYNAMITE AND PRIMERS ON A COMMERCIAL FLIGHT FROM SAN FRANCISCO TO THE RP. IMPLICATION HAS BEEN THAT US AUTHORITIES HAD TO HAVE BEEN IN ON IT.)

8. MOSLEM STUDENT DETAINEES (STATE 42580): MOST OF THE MOSLEM STUDENTS DETAINED NOVEMBER 30 AT RIZAL PARK HAVE ALREADY BEEN RELEASED (152), BUT THE GOVERNMENT IS STILL KEEPING ABOUT 25 OF THEM. THEY WILL BE RELEASED AT THE END OF THE CURRENT SCHOOL YEAR (IN ONE MONTH OR SO). (COMMENT: MUSLIM STUDENTS HAD MASSES FOR PRO-IRAN, ANTI-US PRAYER MEETING/DEMONSTRATION. POLICE BROKE IT UP AND HAULED GROUP AWAY IN BUSES AFTER THEY REFUSED TO DISPERSE AND ATTEMPTED TO MARCH ON US EMBASSY. END COMMENT). MURPHY

DEPARTMENT OF STATE IN/IPS/CR/IR Date: 11/6/97
☒ RELEASE ☒ DECLASSIFY
☒ EXCISE ☒ DECLASSIFY EO Citations
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 PA Exemptions ☐ DOWNGRADE TS to ☐ S or ☐ C

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820177 / 8/27
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 But 16 of 21

FROM
~~EA/PHL~~
~~Alice Straub~~

~~Philippines~~

POL 29 Carlos Jr

| | | |
|---|-----------------------------|---|
| DEPARTMENT OF STATE TRANSMITTAL SLIP | | CLASSIFICATION UNCLASSIFIED (E220) R |
| TO Department of State | | DATE 11 February, 1980 |
| FROM AmEmbassy MANILA | | For the Attention of EA/PHL |
| TO THE FOREIGN SERVICE | | TO THE DEPARTMENT |
| <input type="checkbox"/> For Transmittal to Addressee at the Discretion of Post <input type="checkbox"/> Post Information Only <input type="checkbox"/> Transmit to Foreign Office <input type="checkbox"/> Submit Report <input type="checkbox"/> Reply to the Individual | | <input type="checkbox"/> Dept. Information Only <input type="checkbox"/> CERP Publications <input type="checkbox"/> Enclosure to Previous Airgram <input type="checkbox"/> Reply to Department Request |
| <input type="checkbox"/> Transmit to: <input type="checkbox"/> Inform: | | (U.S. Agency) |
| REFERENCE | | |
| ITEMS/REMARKS Attached letter to President Marcos on Sixto Carlos, Jr. Torture Case (dated February 10) and account of the torture have begun to circulate in Manila. Carlos family is attempting to gather signatures. We understand that the Carlos account was smuggled out by Carlos piece-meal, and originally written in Tagalog/English. Foreign media all have this, as does AI. | | |
| IN REPLY REFER TO FILE NUMBER AND DRAFTING OFFICE | | |
| FILE NO. | SIGNATURE John F. Maisto | |
| CLASSIFICATION UNCLASSIFIED | OFFICE Political Section | |

FORM DS-4
12-64

DEPARTMENT OF STATE IM/IPS/CR/IR Date: 11/6/77
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820177 / 54-83-0039
Box 16 of 21

(E-227a)

SIXTO CARLOS, JR.

Sixto Carlos, Jr. has been in solitary confinement, at Fort Bonifacio, for the last eight months. The cell in which he lives is seven feet by four feet.

In his own hand, he wrote this detailed description of the tortures he suffered during the early days of his imprisonment. He wrote the original on tiny pieces of paper, in Tagalog. The English translation is faithful.

His father, Colonel Sixto Carlos Sr., was the Judge Advocate General under President Magsaysay--the chief prosecutor of the Hukbalahaps.

Sixto Carlos Jr. is 32 years old. As a boy, in grade school at San Beda, he was chosen by the Associated Press as the model student of the whole Philippines.

He won a scholarship to the University of the Philippines, where he became president of the student body in Prep school. In college, he was a member of the U.P. student council, and a regular columnist of the U.P. Collegian.

He was chairman, as a schoolboy, of the First Philippine Student Congress on nationalism. After graduation from U.P., he became the chairman of the department of political science at the Philippine College of Commerce, a state school. He was a charter member of the Movement for the Advancement of Nationalism, and of the Movement for a Democratic Philippines.

When the writ of habeas corpus was lifted, in August of 1972, before martial law, he was one of the first 60 to be placed on the wanted list. He went underground, and became a leader of the National Democratic Front.

He was arrested on April 23, 1979. His wife, Cristine, who was about to deliver their second child, searched for him for four months. The military denied that he was in detention.

After he was discovered to be in Fort Bonifacio, only his wife and his two little sons have been allowed to visit him. His father, his mother, and his sister have been refused permission to see him. His lawyer, Jose Diokno, was allowed to see him once. Sixto Carlos Jr. was told by the military that if he kept Diokno as his lawyer, the visitation privileges of his wife and children would be removed.

President Marcos has consistently denied that torture is used in the Philippine detention camps. This is the personal account of one who is still detained.

* * * * *

Evening of 23 April at the corner of Boni Avenue and EDSA in Mandaluyong. I had just alighted from a tricycle at Boni and was walking quickly towards the overpass when I noticed a red car come to a sudden stop beside me. A man in civilian clothes quickly alighted and chased after me, revolver in hand. One more car also came to a sudden stop on the other side of the street in front of the gasoline station and two men, also in civilian clothing, ran out and crossed the street. One of them had a revolver and the other held something like a sub-machine gun, resembling a greasegun.

The three men pointed their guns at me. I was pushed to the ground by the first man. I hit the pavement and my glasses fell off. Another grabbed the travelling bag I was clutching. They held me around the neck and the arms as we crossed the street and before putting me into the second car, they blindfolded me. I sat in the back of the car between two men. Before the car started, I heard someone in the front seat greet me (this is the one who introduced himself to me as Capt. George) : "Bow, are you, Mr. Carlos?" The car then sped off and they sounded the siren.

Now and then I would get pushed around by each of the men beside me, then they would abruptly push my head down and both scream. (I suppose that this was done to distract me from the direction in which we were going, especially around curves and turns). We did not go very far.

When we got out of the car I was immediately brought into a room. I was shoved onto a sofa. Then I was held on either arm by two men, and the third man sat on my lap. The blindfold was removed and replaced by a towel on my face. They commenced to put water over the towel on my face, at the same time, questioning me.

They kept asking the same questions over and over. Question then followed by repeated pouring of water on the towel. I had a very difficult time breathing and had the sensation of drowning. The very brief intervals made it impossible for me to snatch some air. At first, because of the difficulty (of breathing), I found the strength to struggle to release their grip on me. "Son of a bitch! Crazy fool!" they would scream. And then there would be even more to hold me down.

They hurriedly took off my shoes, polo shirt and stripped me of my trousers. I also felt them remove my watch and wedding ring. My head was lowered below the edge of the sofa, and one of them held me tightly so that I could not escape the water which they continually poured. I even heard the scraping of the can (dipper) against the bucket of water.

It occurred to me to pretend--I stopped moving and breathing, feigning to have lost consciousness. Nevertheless, shortly after, one shouted: "Son of a bitch! Fooling, eh? Walingering, eh?" Together with blows to the chest and pouring of water once more. "You are giving us a difficult time, Mr. Carlos. You've cost the government a lot. The government has spent a lot of money looking for you. You better cooperate now, Mr. Carlos, so that this session does not take up more time," the voice said which greeted me in the car.

When they tired of scooping up the water with the can, they brought in a hose and this is what they used on my face. Once in a while they would even stick the hose into my mouth. I attempted still to struggle, but they really held my whole body down very tightly. In my attempt to suck in even just a little bit of air, I would pretend to stammer through the wet towel: "Wait, wait, I will tell you now!" The water would stop once more and the towel would be raised from my lips. However, after a moment or two, they would once more shout: "You really are a crazy fool, fooling again, eh? You dare to fool us! You know, Mr. Carlos, we could throw you into the Marikina River without anyone ever knowing (this Marikina River was repeated many times through the night - perhaps to confuse me as to my whereabouts). Kill him!"

With every attempt on my part to struggle free, the more they would pour the water, the more the blows to the chest. Until finally I vomited. There was vomit on the towel, over the sofa and the floor. They stopped with the water, but continued the slaps to the face and the blows to the chest and stomach. Many times someone would tug and pull out the hairs on my chest. Little by little, the water slowed down, applied for shorter periods with longer intervals between each application.

The questioning continued all night. They took turns asking questions. One question after the other and over and over again. Simultaneous practically with every question a slap was delivered to my face or blows on the chest and stomach. Apart from the blows and the questions, I kept hearing the shuffling of shoes, the opening and closing of doors and sounds of vehicles arriving and leaving.

All day the 24th of April, water was not applied in great amounts. It was poured only once in a while and only one can at a time, as if merely to remind me that any time at all that they chose to, they could once more repeat the treatment. More frequent, however, were the blows to the face, chest and stomach. Sometimes someone would take over who apparently was a specialist at slapping. He asked only one question and this repeatedly, together with sharp and hard slaps to the face and ears.

One of the most painful things I experienced all day was the continuous pounding of my testicles. One of them sat on the sofa by my knees. By means of what seemed a small, wooden hammer, my testicles would be hammered by quick sharp blows.

This hurt so very much. While I would be writhing from the pain, they would strike me on the chest, cursing me. My feet would be pulled down again, and again pound on my testicles. Sometimes I tried to ward off the pounding with my hands, but they would pull my hands aside and pound even harder. "If this lasts any longer your balls will break," I even heard someone say.

At other times, the hard blows to the chest would be delivered simultaneous with the twirling of chicken feathers and thin coconut-leaf midribs in my nostrils. Still at other times, they would suddenly pour gin into my nostrils. My face contorted with the stinging and the pain of this.

Sometimes they would pour hot water over me. I could even hear them getting the water out of the Airpot. While I lay there, they would keep the scalding going. They started at the feet, next the legs, thighs, then my private parts, stomach, chest and finally, my face. My body would contort with the pain. Once, contorting with pain and attempting to avoid any more scalding, I fell (off the sofa) and hit the floor which by then was a pool of water, vomit and my urine.

Other times, too, and all day, they would beat my thighs and legs with a piece of wood.

Repeatedly I asked them to get me some medicine for my heart ailment. They knew about this ailment because they got the results of my ECG test administered in 1977, out of my wallet. Rather than grant my request, they even used this provocation: "We will give it to you if you tell all." "What further need have you for medicine - we are going to kill you soon anyhow."

No sleep, no food all day. I was always lying down except when they wanted me to write something down. During these occasions they had me sitting facing the wall, removing my blindfold and making me write.

Time to time I would be left alone. I would be left in the hands of an interrogator who seemed from his voice to be elderly (some of them called him Father). He insisted on speaking in English although it was obvious to me

that he had a very difficult time especially in pronunciation. He even kept asking me how to spell this or that word whenever I replied to his questions. Once I even heard the voice of a child who called him "Father" from outside the room. This irritated the old man and made him curse and holler, sending the child home. He kept on steadily asking questions although I received only mild blows to the chest and stomach whenever I did not reply immediately. He kept on coaxing me to reveal all to him, because he said that if I did not, the executioners would return.

One of my interrogators made himself known to me as Popski. He was always the one with whom the rest consulted and often gave the orders. Another one made himself known as Capt. George. It turned out that he was Popski's deputy. He also gave orders frequently although he always consulted with Popski. He said he was my classmate at UP (University of the Philippines). Once on the 24th of April, he raised the towel from my eyes for an instant to reveal himself --fat, slightly round face, his hair a bit on the long side, stocky and brown in complexion. He kept repeatedly holding my hand as if to shake it. His hands were big and rough.

The evening of 24 April, They made me sit on a swivel chair, Captain George and one of his helpers. They kept interrogating me. Without much ado, they spoon-fed me with a tablespoon of a thin liquid which was somewhat bitter. They suddenly stopped their questioning as if waiting for something. In a short while I was sweating and a bit dizzy. I left the chair and groping for a sofa, lay down. I felt my extremities going numb. Slowly, the numbness crept through my body (it occurred to me that they were poisoning me). Only one question was heard from George: "Well, is your chest starting to tighten?" I did not move and simply observed the sensation of creeping numbness. More minutes passed by without anyone stirring. In a little while one of them came near and held my feet: "he's chilling." They massaged my feet, legs, and arms. A hot towel was applied. Little by little the numbness and sweating went away. For a while I was not touched after this.

After about probably an hour, they started once more to deliver strong blows to my face and chest. I was also hit on the thighs and sides with an object--what to me felt may have been head stand of a car seat. This while George remained at my side, questioning. From time to time, they would pour gin through my nose and force me to take gulps. While this was going on, still another with the voice of someone elderly entered, sobbing as if asking for mercy. He held my head, I even smelled his breath. He asked for my help between sobs. He said that his son had also been arrested at the Pantranco bus station. This was the only child supporting them and on whom the family depended. If I had any mercy, I must see to it that they did not lose their son. I must cooperate and perhaps I could help free their son, otherwise, we would suffer the same grim fate. (Up to now, I am still amazed at this scene that they staged). This is the occasion which was immediately followed by the most intense suffering and pain.

When I did not respond to the "pleadings" of the old man, the cover over my eyes was tied around my head. They aided me to rise and leave the room. I was made to lie down on a wide object (it felt like a flat iron sheet). This was cold against my back. Someone removed my briefs. I was bombed with water while my feet were being tied to one end of the flat iron sheet. I heard them move an object closer to me which seemed to have rollers and grated against the cement floor. (Almost every day I still hear this outside my cell and it seems it is used in the repair of vehicles. I also always hear it coming from the motor pool beside my cell here at the Military Security Unit). A hook was attached to my hogtied hands. Next I heard the grating of steel which seemed to have rollers (this must have been some kind of a pulley). They pulled up the hook, pulling up my hogtied hands and raising the upper portion of my body, suspended, while my feet remained attached to the edge of the iron sheet. How it hurt - stretching the flesh and the bones on my arms (particularly since the handcuffs seemed to be of the type which automatically tightens when tugged at). In this hanging position, a towel was placed over my nose and mouth and again the water from the hose commenced, and Popski's interrogation. The same

questions over and over again, while the pulley pulled me higher, bit by bit. The steel treaked. Tighter still became the handcuffs, stretching my flesh and bones. The water continued. I would be jerked upwards in the attempt to be able to inhale some air. Only for a moment would they remove the hose when Popski would ask a question, and then speedily returned. They refuse to listen any longer to my entreaties: "Wait a moment! Wait a moment! I'll tell all!" Stammering through the wet towel over my mouth. "What do you mean, wait a moment, a moment! Tell all now! You just want to breathe!" "Let's finish him!" the rest even shouted. It seems there were a number of people gathered around me, either to goad the others on or merely to watch the proceedings. Popski only allowed them to stop after I was able to give an "answer" to his question. I was lowered back onto the iron sheet. My whole body was bombed (sprayed) with a hose. I felt very, very cold, my entire body wracked with convulsions. My hands and feet were bound once more. One of them put my briefs back on. I was raised and my polo shirt put on. Despite the fact that I was very weak and trembling, I was aided in a standing and erect position in front of a photographer. My blindfold was removed and immediately returned after the flash. In these few moments I saw how dark it was and there was no light at all in the surroundings (I am amazed that they should make photographs as if to exhibit their deceit to the world, or like Hitler's Gestapo, they painstakingly keep pictures and records of their victims).

After the picture-taking, I was returned to the room. I was not touched by the sentry they left with me. My arms were wounded and I was completely exhausted. After an hour elapsed, they began once more to interrogate. The same questions over and over again. Until the morning. The number of people in the room increases once more. In and out. I would hear the sudden opening and slamming shut of the door all day the 25th of April, and with the exclusion of the pounding of my testicles and pouring of hot water all over me, everything else done all day the previous day of the 24th was repeated. With the only small difference being that each session was shorter with longer intervals in between. The questioning, however, was continuous and unrelenting. Again no food all day.

Evening of 25 April. My blindfold is tied on again. Brought out of the room, and made to sit in a swivel chair. My feet were tied together with a belt. Again I heard the scraping of rollers. Coming nearer and nearer. I felt the belt being hooked on. I heard again the creaking of steel together with the slow raising of my feet. The swivel chair was pushed downwards to cause my head to slide downwards while my feet were being raised. Little by little my body was raised upside down until my head no longer touched the cement floor. Here the interrogation commenced. Popski first. Bit by bit numbness, little pricks seeming to sting my feet. The numbness crept downwards to my legs then my thighs. From time to time, I could hear the others shouting: "Finish him off! Lower him down the hole!" "Where is the drum of water? Drown him in the drum!" Sometimes I would be lowered and for a few moments my head would hit the floor. But then I would go up again, higher than before. I cannot tell how long this lasted. All I recall is that the numbness had already reached my thighs when I was finally lowered.

In the room once again on the sofa, I was not touched for the rest of the night. They left me quiet, lying there for a while, although I could hear several men talking outside (I suppose they wished me to overhear them). "When do we leave?" "Is it cold there?" "Should I bring jacket?" "Which of the fellows get to go with him?" "Should we get him dressed?" "All it will take will be one shot." "This is pretty okay, it's been a long time since I had a chance to get in some target preactice." "Prraaaak!". they even imitated the firing of an armalite. Again they began the interrogation. In my exhaustion I could hardly keep in step with their questioning, I could barely even whisper. Their questioning became screaming. They hardly took notice of my request to allow me to get some sleep first.

Morning of the 26th. Still no sleep. The interrogation continued, although I was no longer touched.

Noon. My first meal, siopao (a Chinese dumpling) and Pepsi. They seated me facing towards the wall before they removed the blindfold (I held some reservation about eating, as I supposed there was a chance the food might be poisoned or drugged. On the other hand, it also occurred to me that whether or not these fellows wanted to finish me off, there were many ways by which to accomplish this). I did eat it. However, I did not finish it (still with mixed reservations).

I was not touched the rest of the day and all night. The interrogation was sporadic. I was able to sleep in the interval, but a sentry was always left behind in the room to watch me. I was brought my supper in an army mess tray and water in a family-size bottle of soft drink.

Morning of the 27th. I was brought coffee and breakfast. After eating, I was made to lie down once more, my hands and feet cuffed, and one of my feet chained to a post of a big storage shelf in the room. They put rubber goggles on my and put masking tape over the glass. Apart from mealtime, when I was made to face the wall, I was threatened never, never to remove these.

Before lunch, I was brought a tube of colgate, a small toothbrush, and one of my pills. I put on my former clothing, shorts and T-shirt which they had confiscated out of my travelling bag. (Before this, I wore only briefs all day and all night). They gave me two pairs of briefs. They also brought me a chamberpot. In all of the three days and four nights that I had been there, I urinated on the floor lying sideways on the sofa, or else simply from a prone position.

I was then brought my lunch. At suppertime, I was left alone in the room. Only occasionally would someone come in to test the cuffs around my hands and feet and the chain around my foot.

28 April until 15 May. Because it was forbidden for me to sit on the sofa, practically all day and all night I would be lying down, blindfolded. I was brought breakfast, lunch and supper. Only at mealtimes would they take my handcuffs and footcuffs, seated and facing the wall. Until I finished my meal and defecated and before I would once again be hogtied, two men always stayed to watch me. On some occasions they would purposely let me hear them shutting the door behind them.

All day it would be very hot in the room so I wore only my shorts. Nevertheless, I still sweat profusely. (Only in the last few days spent here did they install an electric fan). My eyes often sweat and smarted from the constricting goggles. On the occasions where I was certain I was alone in the room, I often lifted my blindfold (of course I was ever ready to put these back in the event someone would come near or into the room). Sometime during the day I would dare to sit to relieve the numbness of remaining in one position. One thing in particular I made it a point to do all day and all night was to feel out my surroundings and to think. I recollected and mulled over each event in the previous days. the significance and focus of each of their questions; each of my replies, my errors and weaknesses. I also forced myself to mentally go through each event in my life starting from my childhood; how our home looked which I had not seen in the past eight years; the houses, streets, corners and buildings in our vicinity; my life in high school and college - the people who became my classmates. Many times I would think about my wife, my son and my parents - apprehensions over my wife's pregnancy and the health of my parents. Often too would come to mind my close friends and comrades who died in the hands of the fascists, and those who experienced hardships in the hands of these executioners. And of course, the fear never left me as to what exactly these people had in mind for me. I suppose I ran the gamut of all the thoughts I was capable of, and dared to think in these circumstances, because it reached the point where I found myself going over and over all these thoughts.

Outside, one heard the sounds of vehicles coming and going all day: conversations on how to repair this or that; often the sound of steel being pounded, sounds of rollers dragging across the cement pavement. Often at twilight I would overhear conversations regarding paychecks, promotions, chicks (girls)

and their sex lives. Many times I awoke at dawn to the loud counting of soldiers marching or jogging. On one afternoon, a band which must have been on parade. All afternoon one Sunday, I could hear the commands being given to the marchers, and the emcee (master of Ceremonies) calling out to the different formations participating. (They must have been having a marching competition on a parade ground close to where I was). I also often heard voices of children at play around twilight time. On 12 May I heard singing and music coming from a nearby place. According to someone in the camp whom I heard, the patients at the hospital were having a program and dance.

During these dates, Popski seldom came anymore to interrogate me. Once in a while George would come in to "say hello" to me and inquire whether I was at last ready to cooperate - meaning to name names of comrades and sympathizers and point out places. On the morning of 1 May, he came into the room and shut the door and allowed me a glimpse of the day's issue of the Bulletin Today. He immediately grabbed it from me when someone approached the door. Once he brought me an old torn comic book and two 1978 issue of Ang Tala, the official journal of the Armed Forces of the Philippines. (This was the only reading matter I would have until the 26th of Jun '79). Even these Popski took away from me when he saw them beside me. Everytime Popski or George would visit, there was one thing which I kept asking them to do - to let my family know of my arrest, to transfer me to a regular detention center and to have a doctor examine me because of the chest pains and the sensation of tightness I would feel everytime I would cough, sneeze or breathe deeply, as a result of the beatings I received. None of these requests were granted other than my transfer to the Military Security Unit on 15 May.

In the evenings, I could hardly sleep from the mosquitoes and the heat of my room. It would not get cool until around midnight and just before dawn it would be very cold. I asked for a blanket but this was not given me. I had only my polo shirt to use as a blanket. My times through the nights, the guard would come to unlock the door and come in to check on my hand and footcuffs. On many occasions I would ask them to loosen the tight cuffs. On several nights, occurring towards dawn, someone would suddenly open the door, enter and quietly, slowly come near me. He would not stir nor move for a few moments. Then suddenly he would grab me by the neck as if poised to strangle me. He would sustain this grip then release me and slowly leave. Once after he let go of my neck, he sat down beside me and talked to me. I recognized the voice of the old man who was "begging for pity" the first night they first hang me. Why, he asked did I not go ahead and tell them what they wanted to know. "So you have a wife and son. It would be difficult if they were to lose a father. For me, although I am poor and eat only snails and vegetables when I go home to our province, I am still happy because I can have a meal together with my family. But no matter how rich you are, how flavorful your meal, if your father is not at the table, it's no good. Why don't you cooperate so that you will see your family again."

Several days after my beatings, my whole body hurt especially my chest and thighs. I tried to suppress coughing and sneezing because my chest would hurt all the more, intense internal pains and the sensation of losing my breath. The wound on my right arm swelled and was filled with pus. This was cleaned with alcohol and merthiolate applied, but I suffered for many days and took great care because the wound would often scrape against the handcuffs and bleed.

Every third day, two of them would help to bathe me. They would remove my both hand and footcuffs. They would let me face the wall, strip, remove the blindfold and spray me with the water hose. They would have me soap myself and then spray me again. While they would spraying me they would repeatedly threateningly scream: "You son of a bitch, don't make the mistake of facing in this direction. I'll smash this rubber against your face!" After bathing I would wash my clothes. After dressing, they would once more blindfold me, let me lie down and once more attach the cuffs.

The room to which they had brought me was a storeroom for motor parts and accessories. This was around 12 feet by 12 feet in size. In one corner there

was a door. There were two windows beside each other about 6-1/2 feet from the floor. These were jalousie windows measuring about 2 feet by 1 foot each. They were covered from the outside with plywood so that I could not see outside if I should stand on the sofa to look. Three wooden shelves stood by the three concrete walls. New and old batteries, empty carburetor flashers, ball bearings, etc., were placed here. The room also had a small table and swivel chair. It was lit with a fluorescent bulb.

Evening of May 15. They took some pictures of me. Front, back, right and left profile. There was no light inside the room. It was dark outside. Popski held a flashlight and would occasionally beam it on me while the photographer was focusing. They would suddenly have me remove my blindfold, followed by a flash. They held what seemed to be a signboard in front of my chest - it must have been my name and serial number. After an hour had elapsed, Popski and George returned to announce that they would "grant" my request. They would transfer me. Why, they asked did I insist on being transferred? Did I not like it with them? They had me get dressed. Cuffed and blindfolded, they drove me in an air-conditioned car. Popski and one of his helpers sat on either side. George sat on the left hand side in front and drove us. A fourth one sat in front. Along the road, George and Popski joked. What a pity, they said that I could not see the beautiful chicks on the road. They said the girls must be wondering why in the dead of night the man was wearing Rayban sunglasses (goggles). (Laughter). "Never mind, where you are going there's a lot of chicks (Laughter). And after one week you can request a conjugal visit (Laughter). Do you know what that is? Surely you will automatically make that request (more laughter)." Once George asked me if what happened in Iran could happen here. I didn't say anything. He answered his own question. "We would certainly face a firing squad, wouldn't we?" We swerved round many curves and ruts in the road (they were probably trying to disorient me again). Eventually the car stopped and I felt a glare (this must have been the brightly lit gate of the detention center). Popski and George alighted, I heard them talking. We waited several minutes in the car, where the helper was asking me about the religious - they were making trouble at the UNCTAD. The two returned and we continued onward. Shortly after we stopped again and they had me alight from the car. They helped me go down several steps and then through a cement walk. They let me sit down. George removed my blindfold, turned and left. This, I discovered was my cell in the compound they call 1571 at the Maximum Security Unit of Fort Bonifacio. The guard entered. He closed the steel barred door and then the outer wooden door. I looked over my new home. It measured about 11 feet by 4 feet. Concrete walls on three sides. On the other end a rail window measuring 3 feet by 1 foot, a faucet with no knob and a leaky spigot. The 6-foot long wooden bed was attached to the concrete wall with a chain (greatly resembling the chains Popski attached to my feet), on either end. A 4 feet by 4 foot space between the steel rail door and the wooden door. The entire cell is lit by one bulb in a corner of this space.

The opposite wall is decorated with chicken scratches of former inmates: Alcantara was here. Allan Gatdula. Ricky Torres! No. 1 terror of Laguna province - how I have regretted it! Randy Boy Celica Jr. Tony Dixon. Even the calendar of their imprisonment. One week, two, a month seemed quite long. These were soldiers of the ISU who were being disciplined. On another wall hand-printed home-spun sayings.

One blanket, one bed, a dirty bucket of water were the only things in the cell. I am the new lodger at door number 13.

Inside of 21 days until noon of 6 June, day and night both doors to my cell were always locked. The only time I saw a person was whenever my food was brought and when my mess tray would be taken away. All I see from the small window is Ka Amado's "small piece of sky", the wall of the compound, the barbed wire on top of the wall, and a few branches of the ipil-ipil tree on the other side of the wall. All day long I hear nothing but the sounds which I myself create, the maddening dripping of the leaky faucet, the occasional sound of an airplane, or the sound of a bird in the ipil-ipil. At times, I

overhear the conversations of the soldier-inmates in other cells. (Five of these are personnel of Ordanance, the explosive disposal unit of the army who were involved with the AVSECQ. smuggling of dollars at the Manila International Airport in May of 1979).

I was not given anything at all to read until 26 June when I was first given a newspaper to read. Neither was I allowed to have any writing materials except when they would lend these to me to make written requests. It was forbidden for me to converse with any of the detainees.

The cell next to mine is always left vacant as due to the proximity of the cells to each other, conversations in each cell are readily overheard. From time to time Enlisted Men come to visit some of the detainees. So that they do not make the mistakes of heading for my cell and happening upon my existence, barricade has been put up in the corridor leading to my cell. Ever so much care is taken to maintain my anonymity. Receipt of provisions which they supply me with such as Colgate, soap and other things are addressed to Padilla (this must be my code name in their registry) and I am simply asked to sign No. 13. The same goes for signatures made on my written requests.

It is hot and humid all day inside my cell. The air is almost completely blocked off and comes only through the small window. Only close to morning does it cool off a bit. Because of this I am always stripped, but still perspire. In the evening an army of huge mosquitoes (as a result of which it has occurred to me that these mosquitoes have been well cared for and well trained and all dumped into my cell). Although I ask for a mosquito net or even just a Katol mosquito coil, only in June was I given a mosquito net. Every night every cell is lent a can of Raid insect spray, save for mine. So I am confused as to the hour it is when bedtime comes. If I cover myself from head to toe to shield my body from the mosquitoes, I cannot do this for very long because of the heat and perspiration. If I don't get under the blanket, a whole battery of mosquitoes assaults me, hence it is almost morning by the time I am at last able to sleep.

Until the day I was allowed to read the newspaper, the only things I can do through the day are to lie down, think, whistle and sing activist songs. I try to force myself to sleep during the day but since I am still filled with fear as to what might become of me, I am preoccupied with all kinds of thoughts which go around and around in my head, and sleep will not come.

On my third day at 1571, a major who was a medical officer visited me. He took my blood pressure, listened to my heart and took blood samples and ECG. I told the doctor of all the hardships I had been through. I complained that my chest pains persisted. I also told him about my heart ailment and the occasional body tremors I experienced. I asked to have a chest X-ray. I also asked if I could have some sun and exercise. He said he would see. He gave me some Penicillin (50,000 units) to take twice daily, and Aspirin (0.3 g) thrice daily for two months. Until now, however, I have not had a chest X-ray. It took another 1-1/2 months before I could even feel the sun. From then on, every second week, I am among those whom the doctor visits at 1571.

On 05 June, a doctor with the rank of colonel visited me. He introduced himself to me. From the outset, he tried his best to make me feel that he was different and that he wished to help me. He told me that he had already helped a lot of people at the detention center out of human considerations. The next day, 06 June, at noon, the wooden door to my cell was opened. According to the lieutenant who personally opened the door, this was the doctor's orders. On subsequent visits, this doctor would bring me hearty lunches and at times, one or two magazines. (Ironically, whether intentional or not, one of these magazines - Time, June 25, 1979 - carried an article on German doctors who helped Hitler with his psychological warfare and human guinea pig experiments). On his second visit, he began to inquire to ask questions, the same questions asked by my torturers. Once, on 21 June, he insisted that I identify pictures of people whom he said had recently been captured. He often mentioned the fact that he merely wanted to speed up my

days in isolation, to meet my family again and to improve my conditions. He said he could easily accomplish much for me. He even had direct access to Malacañang. But of course, he said, I would have to cooperate in exchange for whatever improvements were given me. He emphasized the fact that I was incommunicado and completely in isolation; that outside no one knew what had become of me nor my whereabouts; that he knew who the various personages were whom my wife and parents had approached for help. He even added that in the eyes of the government, I was an enemy and they had not reason to provide me quarters unless I were willing to be of help. In his own words: "Reward commensurate to service rendered." Perhaps, he said, I could deliver to them even just one VIP in the movement. Sometime the first week in June, he allowed me to hope that he would slip a letter to my wife. I wrote a short note telling her of my capture, of my concern for her carrying our child, and of my love. The doctor even came by my cell on 12 June to pick up the letter. Until now, the letter has not yet arrived. Nor was it returned to me. Twice, too, this doctor tried to tempt me to become a double agent. They could let me free and let me join the movement again. He said there was no danger involved as I would only be reporting to him. I cannot forget how often he would remind me: It's difficult to be a dead hero.

On the other hand, practically with each visit, he would always emphasize that he wished merely to help. He had no interest in politics. Just as the Hippocratic oath invoked, he was simply being humanitarian. And in the event that in the future I would regain my freedom and we were to meet- "I would like you to know me as a friend and not as an enemy."

In the first month of my imprisonment in 1971 at the ISU, I repeatedly asked, verbally and in writing to the Commanding Officer and through the doctor-colonel the following:

- 1) My capture be made known to my family and my wife, child and parents be allowed to visit
- 2) To be able to consult with a lawyer
- 3) Allow me to have some sun and exercise in the fresh air
- 4) Give me some reading material

For 128 days, from 24 April until 02 September, 1979, I was incommunicado. The only people with whom I spoke were the two doctors and the three Eri's who took turns guarding the compound. The first time I was allowed to meet my wife was the 3rd of September. Visits by my wife and two children were only regularized (once a week) on 17 December. Up to now, I remain in solitary confinement in a cell 4 feet by 11 feet. I was not allowed to have sun for 65 days from 24 April until 27 June. I was only allowed to read a newspaper on 26 June. Until now I have not been allowed to consult with my lawyer.

Since the time I was first allowed to meet with my wife on 03 September, they have relatively eased up on me. We met with my wife and sons four more times at the Fort Bonifacio Golf Club, for one-hour periods. They always prepare good food for us and for our guards. And of course, pictures are taken left and right (so that in future they can prove to the world the honorable treatment by the régime of their joyous prisoners. Now, even medical check-ups are always photographed). The food, clothes and reading matter sent by family and friends are allowed to come in. The medicines that I have been requesting were given to me. My wife and children are also allowed to visit all day, once a week. And the faucet has been repaired.

* * * * *

February 10, 1980

~~SECRET~~

His Excellency
President Ferdinand Marcos
Malacanang Palace
Manila, Philippines

Your Excellency:

We have learned of the plight of Mr. Sixto Carlos, Jr., a former student leader who was arrested on April 23, 1979 and:

--who was brutally tortured during the first weeks of his detention

--whose family was not notified of his whereabouts until late August, 1979

(meanwhile, in answer to his family's frantic inquiries, military authorities officially and persistently denied that he was in their custody);

--whose wife was allowed to visit him for the first time on September 3, 1979 (133 days after his arrest) but his parents and brother and sister are still not allowed to see him; and

--who, even today, is being kept in isolation in a cell under sub-human conditions.

We have come to know that his family and his lawyer have requested that remedial measures be taken, but no action has been taken upon these requests.

Although the account of Mr. Carlos' agonizing experiences is exceptionally shocking and revolting, we are aware that it is not unique: that other persons arrested throughout the country suffered and are suffering substantially the same brutal and inhuman treatment.

Many other accounts of maltreatment and torture have been published heretofore showing the same pattern as the case of Mr. Carlos: persons have been arrested by military authorities without warrant or ASSO (Arrest, Search & Seizure Order) and taken, not to regular detention centers, but to so-called "safe-houses", usually private homes secretly rented, owned or used by the military, for interrogation. In the process of interrogation they were brutally tortured by methods which have been published and need not be repeated here.

Families are not notified of their arrest; worse, in some cases, the military deny that they have been arrested.

In the majority of cases, the persons arrested are transferred to regular detention centers after having been tortured in "safe-houses"; but others are never found--they are killed and their cadavers secretly buried or thrown into rivers or creeks ("salvaged" is the military term for this type of murder).

Conditions of detention are sub-human, except in Bicutan Rehabilitation Center at Camp Bagong Diwa, Rizal. But even in Bicutan, there is insufficient water, even for drinking, and facilities for medical and dental care are inadequate. In other detention centers, besides these deficiencies, cells are over-crowded; persons arrested on suspicion of having committed political crimes (offenses against public order or violations of the anti-subversion law or martial law decrees and general orders) are mixed with those arrested for common crimes; food is bad; conditions are unsanitary; medical and dental care are unavailable or, if available, inadequate; and detainees are not allowed to engage in healthful activities or in crafts that could occupy their minds and bodies and earn some income for their family.

We are conscious that, no matter how strong the evidence of guilt the military may believe it possesses, the persons concerned are detainees, not convicts; and are presumed by the Constitution to be innocent. Even if they were guilty; even if they were communists; indeed, even if they were convicts--they do not thereby stop being human: they are entitled to humane treatment that respects their inalienable human dignity.

Mr. President, we are aware that you have publicly decried the use of torture; that you have issued orders, such as LOI 621, designed to minimize, if not eliminate, abuses in cases of arrests by the military; and that you have ordered some military personnel tried for maltreating some prisoners.

But we are also aware that some officers who have been accused of torture have never been brought to trial and that some of them have even been promoted and decorated. And what we are most painfully aware of is that your orders are being disregarded, and torture and murder still continue, as the case of Mr. Carlos shows.

We believe therefore that there is only one way to end these evils effectively: lift martial law immediately, remove the power of arrest from the military, and grant a general, unconditional amnesty. This, Mr. President, will also help that national unity so sorely needed in these difficult and anxious times.

We respectfully urge you, Mr. President, to take this step.

We know, however, that it will require some time to do so. In the meantime, we earnestly urge you:

1. To ban totally the use of "safe-houses" by the military or any other government agency;

2. To order arresting officers to commit all persons arrested to regular detention centers immediately after their arrest, and to notify the immediate family or all such persons as soon as possible but in no case beyond 24 hours thereafter;
3. To establish interrogation centers in regular detention centers, and to order that all interrogations be conducted in such centers, and only in the presence of civilian counsel for the person arrested, and if he supposedly waives counsel, then in the presence of a representative of the local chapter of the Integrated Bar of the Philippines;
4. To take immediate and drastic action against all members of the military who violate any of the above or who maltreat persons arrested by them or in their custody;
5. To adopt the Standard Minimum Rules for the Treatment of Prisoners recommended by UNESCO (UN Document A/CONF/6/1, Annex I-A) and to enforce compliance with these rules in all detention centers.

In the particular case of Mr. Sixto Carlos, Jr., we wholeheartedly endorse the requests of his family and vigorously urge you:

1. To allow his parents, brother and sister to visit him regularly;
2. To transfer him to another detention center, preferably Bicutan Rehabilitation Center, where he will not be kept in isolation, will be given better quarters and where visits by the family will be longer and more frequent.
3. Considering that he suffers from rheumatic heart sickness, that he be allowed regular visits and medical care by his own family physician.

We fervently hope you will not turn a deaf ear to our suggestions and petitions but, on the contrary, will act favorably on them without delay.

Respectfully,

(7113)

~~SECRET~~
UNDER SECRETARY KANTER'S TRIP TO
BEIJING, BANGKOK, SEOUL, AND TOKYO
MAY 5 - 29, 1992

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92/2131

SCOPE PAPERS

- ✓ A. China
- B. Thailand
- C. South Korea
- D. Japan

BRIEFING MEMORANDA

- ✓ A. China
- B. Thailand
- C. South Korea
- D. Japan

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BACKGROUND PAPERS

A. Global Issues

1. FSU: Recent Developments
2. CIS: President's Initiative
3. CIS: Assistance/Aid
4. CIS: Nuclear Issues
5. COCOM and Export Controls
6. Russia in East Asia
7. Korean Peninsula: North-South Relations
8. Cambodia
9. Vietnam
10. POW/MIA
11. Burma
12. APEC/EAEC
13. ASEAN
14. Peace Process
15. Iraq
16. Libya
17. Arab Economic Boycott
18. South Africa
19. Southern African Drought
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21. UNCED
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25. Latin America
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B. Bilateral Issues

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✓ China

1. MFN: Vote and Veto
2. Section 301 Market Access Investigation
3. China and Taiwan's GATT Application
4. Prison Labor
5. Proliferation Issues
6. Human Rights
7. Taiwan Contacts Policy
8. McConnell Bill on US-Hong Kong Policy
9. Narcotics
10. US-Asia Environmental Partnership
11. South Asia and the Five Power Conference
12. China and the UN Security Council
13. Chinese Student Visa Regulations
14. Radio Free Asia

Thailand

1. Overview of the Thai Political System
2. Thailand's New Government
3. Economic Overview
4. Resumption of Assistance
5. Security Relations
6. AFL-CIO GSP Worker Rights Petition
7. Intellectual Property Issues
8. Narcotics
9. Refugees in Thailand
10. Thailand's Cambodia Policy

South Korea

1. 1992 Elections
2. Economic Overview
3. President's Economic Initiative
4. Security Relationship
5. Defense Cost-Sharing
6. Bilateral Inspection Regime
7. Property Issues
8. ROK-Japan Relations

Japan

1. US-Japan Relations
2. US-Japan Security Relationship
3. US-Japan Aid Coordination
4. Structural Impediments Initiative
5. Peru
6. Iran
7. G-7 Dual Use Export Control Initiative
8. Japan's Domestic Economy
9. PM Miyazawa's Visit
10. Japan and the Uruguay Round
11. Japanese Plutonium Shipments and Security
12. Extension of Nuclear Non-Proliferation Treaty
13. Japan and the UN Security Council
14. Key US-Japan Economic Issues

North Korea

1. Political Situation
2. Economic Situation
3. North Korea and the IAEA
4. North Korea Missile Proliferation
5. US Relations with North Korea

ECONOMIC DATA

- ✓ A. China
- B. Thailand
- C. South Korea
- D. Japan

POST MANAGEMENT

- ✓ A. China
- B. Thailand
- C. South Korea
- D. Japan

PRESS/CULTURAL

- ✓ A. China
 1. Press Relations
 2. Climate in Bilat Relationship
 3. Cultural/Information Issues
 4. Chinese Press Coverage of Korean Peace Talks
- B. Thailand
 1. Press Relations
 2. Climate in Bilat Relationship
 3. Cultural/Information Issues
 4. Thai Economic Elite Opinion
- C. Korea
 1. Press Relations
 2. Climate in Bilat Relationship
 3. Cultural/Information Issues
 4. Korean Public Opinion
- D. Japan
 1. Press Relations
 2. Climate in Bilat Relationship
 3. Cultural/Education Issues
 4. Japanese Public Opinion

BIOS

- ✓ A. Chinese
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- C. South Korean
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- E. American



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United States Department of State

Washington, D.C. 20520

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PA Exemptions

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☐ DOWNGRADE TS to ☐ S or ☐ C

Dear Senator Helms:

Thank you for your letter of November 18 and your supportive comments regarding Secretary Baker's trip to Beijing last month. The Secretary very much appreciates the interest with which you followed the trip.

The President and the Secretary fully share your concerns regarding China's commitment to international standards on ballistic missiles and missile technology transfers. The Secretary believes we made significant progress on this question during his visit to Beijing. The Chinese have now told us they intend to observe guidelines and parameters of the Missile Technology Control Regime (MTCR). They have specifically agreed that this will cover any transfers of the M-9 and M-11 missiles and related technology and will include transfers to Syria, Pakistan, and Iran.

During the Beijing meetings, the two sides carefully reviewed international standards on missile transfers. The Secretary made clear that the MTCR Guidelines include detailed provisions for control of exports of technology and components, as well as controls on missiles exceeding certain parameters. The Chinese commitment to observe these standards is quite clear.

In return for their decision, the Chinese have requested that we lift the missile sanctions against China which the Administration announced in June. Once we receive China's diplomatic confirmation of the substance of the talks in Beijing, we expect to take the steps necessary to lift the sanctions. With China's commitments, these sanctions will have served their purpose and helped realize an important success for U.S. foreign policy.

The Administration's action will not, of course, make China immune from future sanctions: we have informed Beijing that sanctions you drafted and worked hard to pass will be fully implemented if the PRC enters into new transfers which would be inconsistent with the MTCR and would trigger applicable provisions of U.S. law. We are hopeful, however, that our continuing efforts to keep the pressure on China will remove the need for such action.

The Honorable

Jesse Helms,

Committee on Foreign Relations,
United States Senate.

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You stated in your letter that China's compliance with NRCR standards would mark a significant advancement in one of the most contentious areas of the bilateral relationship. The Administration fully agrees. We have made this a major objective of our diplomatic efforts with China. U.S.-China agreement on Beijing's most recent assurances will make an important contribution to international stability, peace, and security, significantly reducing the threat of an arms race involving some of the most destabilizing weapons.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs

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Cleared:

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PW - VVan Diepen, Acting
P - PBSS
T - SAONI
H - ROSEY
NECS - JKeith
C - RWilson

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Hank Brown,

United States Senate.

-2-

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Janet G. Mullins
Assistant Secretary
Legislative Affairs

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-Q TALKS IN BEIJING

1. [REDACTED] 6 - ENTIRE TEXT.

2. AUSTRALIAN AND NEW ZEALAND COLLEAGUES HAVE SHARED WITH US NOTES TAKEN FROM AN EXTENSIVE DEBRIEFING ON THE SECRETARY'S VISIT OFFERED THE MORNING OF NOVEMBER 19 BY MFA AMERICAN/OCEANIAN DEPARTMENT DEPUTY YANG JIECHI TO A DOZEN OR SO DIPLOMATS. THIS WAS THE SOLE AUTHORITATIVE BRIEFING, OUR INFORMANTS TOLD US, AND WAS GIVEN TO A RANGE OF DCM'S AND COUNSELORS REPRESENTING JAPANESE, SOVIET, WEST EUROPEAN AND OTHER EMBASSIES. HIGHLIGHTS AS TAKEN DOWN BY OUR COLLEAGUES INCLUDED:

-- YANG, WHOM OUR AUSTRALIAN COLLEAGUE CHARACTERIZED AS

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BEING "QUITE ADEPT AT SETTING A MOOD," TOOK A NOTABLY MORE SOBER AND DOWNBEAT LINE THAN HAD BEEN PRESENTED IN THE CHINESE PRESS AND BY THE OFFICIAL SPOKESMAN. (ON THIS THE AUSTRALIAN AND NEW ZEALANDER CONCURRED.)

-- YANG CHARACTERIZED THE ATMOSPHERE AS HAVING BEEN "FRANK AND SINCERE" ON BOTH SIDES, AND OFFERED THAT THE

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SECRETARY'S DECISION TO VISIT CHINA HAD BEEN A "POSITIVE" DEVELOPMENT. NEVERTHELESS, HE CONTINUED, THE TALKS HAD MADE PLAIN THAT WIDE DIFFERENCES EXISTED BETWEEN THE TWO SIDES. REALISTICALLY SPEAKING, YANG SAID, IT WOULD NOT BE POSSIBLE TO ASSERT THAT U.S.-CHINA TIES WERE OUT OF THE WOODS AND BACK ON A FORWARD TRACK. IT WAS NECESSARY TO WAIT AND SEE ABOUT FUTURE DEVELOPMENTS, ESPECIALLY BECAUSE THE U.S. WAS MOVING INTO A PRESIDENTIAL ELECTION YEAR.

-- IN RESPONSE TO A QUESTION PUT BY THE JAPANESE, YANG SAID THAT, WITH RESPECT TO MTCR, HE WAS "AUTHORIZED" TO AFFIRM THAT THERE WAS "NO DIFFERENCE AT ALL" BETWEEN THE VERB "INTENDS" AND THE CHINESE PHRASE "KEYI KAOLU" ("IS ABLE TO CONSIDER"). YANG THEN REITERATED STRAIGHTFORWARDLY THAT THE TWO SIDES HAD AGREED THAT IT COULD BE SAID THAT CHINA "INTENDS" TO ABIDE BY THE MTCR GUIDELINES AND PARAMETERS IF THE U.S. LIFTS ITS JUNE 1991 SANCTIONS. IN RESPONSE TO FOLLOW-UP QUERY, YANG OFFERED THAT THE M-9 AND M-11 MISSILES WOULD BE INCLUDED IN THAT UNDERTAKING. HE DID NOT ELABORATE, HE DECLINED TO COMMENT AT ALL ON REPORTED TRANSACTIONS INVOLVING IRAN, AND HE WOULD NOT BE DRAWN OUT ON WHETHER CHINA "HAD" (VS. "WILL") SOLD OR TRANSFERRED

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SUCH SYSTEMS, COMPONENTS OR TECHNOLOGIES PREVIOUSLY.

-- ON THE HUMAN RIGHTS AGENDA, YANG TOLD HIS AUDIENCE THAT CHINA HAD "PREPARED FOR THE AMERICANS AND HANDED OVER" A LIST IDENTIFYING THE NAMES OF CHINESE BY CATEGORY IN RESPONSE TO A LIST EARLIER PRESENTED BY THE U.S. SIDE. YANG DECLINED TO MAKE THAT LIST AVAILABLE TO OTHERS, BUT HE AGREED TO CHECK WITH HIS SUPERIORS TO DETERMINE WHETHER THAT MIGHT BE POSSIBLE. HE TOOK THE FAMILIAR LINE THAT CHINA HAD NO OBLIGATION TO ACCEPT, LET ALONE INVESTIGATE AND REPLY TO, SUCH LISTS, BUT HAD DONE SO IN THE SPIRIT OF FURTHERING DIALOGUE AND MUTUAL UNDERSTANDING.

-- ASKED ABOUT THE REPORTED ARREST/DETENTION/DISAPPEARANCE OF DAI QING, YANG REPLIED AS HIS SUPERIOR, DIRECTOR ZHANG YIJUN, HAD REPLIED TO US A DAY EARLIER: THE FOREIGN MINISTRY HAD "CHECKED" INTO SUCH ALLEGATIONS,

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AND HAD BEEN ADVISED THAT THERE WAS NO BASIS FOR THEM. DAI QING WAS, YANG SAID, FREE TO COME AND GO AS SHE PLEASED SO FAR AS THE MINISTRY KNEW. YANG THEN ADDED A DISCLAIMER: OF COURSE, THIS TYPE OF MATTER WAS IN THE PROVINCE OF OTHER MINISTRIES, AND THE FOREIGN MINISTRY COULD BUT INQUIRE AND COMMUNICATE THE RESPONSES.

3. THE REMAINDER OF YANG'S PRESENTATION, AS RECORDED AND REMEMBERED BY OUR COLLEAGUES, WAS IN KEEPING WITH THE AGREED LANGUAGE UTILIZED BY THE SECRETARY IN HIS PRE-DEPARTURE PRESS CONFERENCE.

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Dear Mr. Secretary:

We would like to take this opportunity to applaud your recent efforts to resolve a number of troubling issues in our bilateral relationship with China. Although the result of your meetings can only be measured over time, we think the breadth and depth of the U.S. negotiating team showed a strong desire to engage the Chinese government in substantive discussions of these issues. This was a commendable effort.

One area that is of particular concern from our perspective is missile proliferation. Initial reports indicated that the Chinese government had agreed to adhere to the Missile Technology Control Regime (MTCR) and not to export missiles to Syria or Pakistan in return for the lifting of sanctions against certain Chinese companies. Subsequent to your departure, it was reported that the Chinese Ministry of Foreign Affairs qualified Chinese statements on missile proliferation saying only that it "may consider observing the Missile Technology Control Regime guidelines."

As coauthors and supporters of legislation passed last year (Title XVII of the Defense Authorization Act, P.L. 101-510) mandating the imposition of sanctions against companies involved in missile proliferation activities, we are deeply concerned about these reports. We do not believe that it is appropriate to lift sanctions against China Great Wall Industry Corporation and China Precision Machine Import and Export Corporation in return for a Chinese commitment not to sell M-11 or M-9 missiles to Syria or Pakistan. In passing this legislation, the Congress was concerned about proliferation activities as a whole, not just exports to two particular countries.

We believe that sanctions against the companies in question should only be lifted in return for Chinese commitment not to export missiles or related technologies, including production technology, as described in the Missile Technology Control Regime (MTCR). This commitment should also include existing contracts. Anything short of this commitment would leave open the possibility that China could shift its missile

exports from one country to another, substitute sales of missile technology or production equipment for missiles themselves, or continue to engage in missile proliferation under the claim of existing contracts.

We would also note that the President recently signed into law the Foreign Relations Authorization Act (P.L. 102-138) which contained a provision substantially broadening the scope of sanctions for missile proliferation activities by certain entities. Under this new, broadened sanction, if a firm such as China Great Wall Industry Corporation were to engage in missile proliferation activities, the Administration would be required to impose sanctions against all activities of the Chinese government relating to the development or production of any missile equipment or technology, electronics, space systems or equipment, and military aircraft.

We add this comment on the consequences of future Chinese missile exports because of past experience with the Chinese government's commitments on missile proliferation. In 1988, Secretary Carlucci received commitments from the Chinese government that appeared to herald a change in Chinese policy on missile exports. Subsequent experience has shown that components of the Chinese weapons industry have remained highly active in promoting the exports of missiles and missile technology.

We would also note that Chinese entities remain active in other areas of proliferation, most notably nuclear weapons. In this connection, we would note that President Yang Shangkun recently visited Esfahan, Iran, the reported site of the Chinese-assisted Iranian nuclear weapons program.

In closing, we appreciate the efforts you and your negotiating team have made to resolve disagreements with the Chinese government on its missile proliferation practices as well as in other areas. We believe that a true commitment on the part of the Chinese government to restrict its missile and missile technology exports in a manner consistent with the Missile Technology Control Regime would mark a significant advancement in one of the most contentious areas of our bilateral relationship. In our view, only this step would merit the lifting of sanctions against China Great Wall and China Precision Machine. While we would welcome sincere Chinese commitments to limit missile proliferation, we will measure the sincerity of those commitments against their implementation. Unfortunately, the Chinese defense industry's past record on proliferation does not give cause for optimism on this score.

Sincerely,

Jesse Helms
Jesse Helms

Hank Brown
Hank Brown

John McCain
John McCain

Clairborne Pell
Clairborne Pell

Alan Cranston
Alan Cranston

Al Gore
Al Gore



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United States Department of State

Washington, D.C. 20520

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Dear Senator Helms:

Thank you for your letter of November 18 and your supportive comments regarding Secretary Baker's trip to Beijing last month. The Secretary very much appreciates the interest with which you followed the trip.

The President and the Secretary fully share your concerns regarding China's commitment to international standards on ballistic missiles and missile technology transfers. The Secretary believes we made significant progress on this question during his visit to Beijing. The Chinese have now told us they intend to observe guidelines and parameters of the Missile Technology Control Regime (MTCR). They have specifically agreed that this will cover any transfers of the M-9 and M-11 missiles and related technology and will include transfers to Syria, Pakistan, and Iran.

During the Beijing meetings, the two sides carefully reviewed international standards on missile transfers. The Secretary made clear that the MTCR Guidelines include detailed provisions for control of exports of technology and components, as well as controls on missiles exceeding certain parameters. The Chinese commitment to observe these standards is quite clear.

In return for their decision, the Chinese have requested that we lift the missile sanctions against China which the Administration announced in June. Once we receive China's diplomatic confirmation of the substance of the talks in Beijing, we expect to take the steps necessary to lift the sanctions. With China's commitments, these sanctions will have served their purpose and helped realize an important success for U.S. foreign policy.

The Administration's action will not, of course, make China immune from future sanctions: we have informed Beijing that sanctions you drafted and worked hard to pass will be fully implemented if the PRC enters into new transfers which would be inconsistent with the MTCR and would trigger applicable provisions of U.S. law. We are hopeful, however, that our continuing efforts to keep the pressure on China will remove the need for such action.

The Honorable
Jesse Helms,
Committee on Foreign Relations,
United States Senate.

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You stated in your letter that China's compliance with MTCR standards would mark a significant advancement in one of the most contentious areas of the bilateral relationship. The Administration fully agrees. We have made this a major objective of our diplomatic efforts with China. U.S.-China agreement on Beijing's most recent assurances will make an important contribution to international stability, peace, and security, significantly reducing the threat of an arms race involving some of the most destabilizing weapons.

Sincerely,

Janet G. Mullins
Assistant Secretary
Legislative Affairs

Drafted: EAP/CH: CAMert *W*
SECNO: 4219 12/10/91 7-6813

Cleared:

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**POLTAVA AND MURMANSK:
EPISODES IN WARTIME U.S.-SOVIET
MILITARY RELATIONS**

Summary

Two episodes in Western and Soviet relations during World War II -- one involving an airbase at Poltava, the other major Western deliveries of Lend-Lease matériel to the Soviet Union through Murmansk -- illustrate the difficulties and limitations in the joint wartime effort. The Soviet Union reluctantly agreed to the American request to establish an airbase at Poltava in support of a plan for "shuttle bombing" of German military targets. The Soviets frequently obstructed implementation of the plan, and failed to supply adequate security for the base, leaving the planes unprotected during devastating German air raids. In the case of Murmansk, the Soviets were initially unable to contribute much to the security of the convoys, which suffered heavy casualties during 1942 and 1943. Moreover, Soviet officials at Murmansk proved difficult and uncooperative in day-to-day activities. The Soviet Union later denied that the Poltava operation had any importance to the war effort or that security at the airbase had been inadequate, but showed a greater appreciation of the sacrifices made during the Lend-Lease effort by decorating American naval and merchant marine personnel involved in the convoys to Murmansk.

The Poltava Airbase and Operation FRANTIC

On September 5, 1943, the U.S. Chief of Air Staff, Maj. Gen. Barney M. Giles, directed plans for employment of U.S. heavy bombers from bases in the Soviet Union. He proposed "shuttle bombing", whereby planes based in England would fly on

to Russian bases after attacking targets in Germany, and make further attacks on their way home. In October, General H. H. Arnold, Commander of the Army Air Forces, had obtained approval from the Combined Chiefs of Staff for such a proposal and directed the U.S. Military Mission in Moscow to discuss it with the U.S.S.R. The objectives of a shuttle-bombing campaign, which was given the code name Operation FRANTIC, were fourfold: (1) attacking targets that were too distant to be reached on a round trip basis from English or Italian bases; (2) stretching German air defenses thin; (3) displaying U.S. willingness to cooperate with the Soviet Union against the common enemy; and (4) establishing a precedent for the use of bases in Siberia for the war against Japan.

Shuttle bombing was discussed in October 1943 at the Moscow Conference of Allied Foreign Ministers. After two days of consideration, Soviet Foreign Minister V. M. Molotov said that his government approved the plan "in principle." Getting from principle to practice took much time, for Soviet military officials were unresponsive. Although Stalin had seemed receptive when the topic came up at the Tehran Conference at the end of November, he did not grant his approval until February 2, 1944.

Major General John R. Deane, head of the U.S. Military Mission, presented a plan to the Soviets on February 5. The initial U.S. request was for the use of 6 airfields capable of supporting up to 360 heavy bombers, together with permission to conduct photo reconnaissance missions from the bases. American personnel would be limited to administrative and technical specialists. Marshal A. A. Novikov, Commander of the Red Air Force, suggested that the bases be located in the Ukraine east of Kiev, and said that their defense would be a Soviet responsibility.

In practice, three bases were made available, at Poltava, Mirgorod, and Piryatin. Much work needed to be done; the retreating Germans had destroyed everything of military value. Only the Poltava base had had paved runways to begin with, and these were too short for heavy bombers. Work began in April after five shiploads of supplies and equipment arrived at Murmansk. The Soviets assigned 2 labor battalions and 800 maintenance specialists to airfield construction.

The arrival of American personnel posed more difficulties. General Deane, who had to reduce his requirements from 2,100 to 1,200 men, encountered great difficulty in persuading the Soviet Government to allow them to enter the country on group visas. Even then, key officers sometimes faced long waits in Iran. The Soviets were also reluctant to allow either

independent communications facilities at the bases or reconnaissance flights from them. They eventually relented on both subjects. Despite advance notification and specified flight corridors, U.S. reconnaissance flights were sometimes fired on while crossing Soviet territory. By the end of May, however, all three bases were operational and a branch organization called Eastern Command was established.

Difficulties also arose regarding targets. The Soviets would not approve plans for attacks on aircraft factories at Riga, Latvia and Mielec, Poland. No explanation was forthcoming. The first mission was an attack on railroad yards in Debrecen, Hungary, on June 2, 1944. A force of 130 B-17s and 70 P-51 fighters of the 15th Air Force departed from their bases in Italy under the leadership of Lt. Gen. Ira C. Eaker. Much damage was done, opposition was minimal, and only one bomber was lost. Bad weather and inadequate maps and navigational aids notwithstanding, all planes reached the Russian bases. General Eaker's force stayed in Russia until June 11, when it returned to Italy attacking an airfield at Foscani, Romania and losing a second bomber. In the meantime, it also attacked another airfield in Romania on June 6 from its Russian bases.

Soviet officials and journalists who witnessed the arrival of the American planes seemed favorably impressed. Relations between American and Soviet personnel on the bases were cordial. The Russians were eager to learn all they could about American aircraft and were closely questioned by their superiors on what they had learned. Operation FRANTIC seemed to have made a promising start.

On June 21, in a second FRANTIC mission, the 8th Air Force despatched 114 bombers and 70 fighters from bases in England against a synthetic fuel plant near Berlin. German aircraft trailed this formation and photographed it after it had landed in Russia. That night, the Luftwaffe assembled 80 bombers for an attack on Poltava and Mirgorod. The Mirgorod strike force failed to find its target, but Poltava was bombed for nearly an hour and a half. No fighters opposed the German bombers and Russian antiaircraft fire was ineffective. The attack wrecked 47 bombers and seriously damaged 19 more, as well as destroying 200,000 gallons of gasoline and large quantities of bombs and ammunition. Two Americans and 25 Russians were killed. On the night of June 22, German bombers attacked Mirgorod. All the planes had been flown to airfields near Kharkov that morning, but this second raid destroyed large quantities of fuel and ammunition. The German bombers again encountered minimal opposition and suffered no losses. The surviving American planes left for bases in Italy on June 26, attacking a

synthetic fuel plant in Poland on the way.

The disaster at Poltava was a shock to the Army Air Force. The U.S. Military Mission in Moscow was directed to investigate Soviet air defenses and found that "night fighters" were merely regular planes with pilots trained to fly at night. Unlike their Allied or German counterparts, they carried no radar and had no radar stations on the ground to direct them. There were few heavy-caliber antiaircraft guns, and these were not radar-directed. General A. R. Perminov, who was in charge of Soviet base defenses, claimed that his planes were airborne and had orders to attack German airfields. Survivors of the second FRANTIC mission recalled that the Russians had not allowed American fighters to take off during the attack, and some believed that something more than negligence was involved. The Army Air Force was obliged to order participants in the second FRANTIC mission not to discuss their experiences, and later, to refrain from criticizing the Russians.

Since Soviet air defenses left much to be desired, General Deane sought permission to have American night fighters stationed at the Russian bases. He presented his proposal on June 26. Ambassador W. Averill Harriman thought he had received a favorable reply the next day, but Soviet approval was never forthcoming.

No additional FRANTIC missions were undertaken until July 22, when 76 P-38 and 58 P-51 fighters from the 15th Air Force flew to Russia after attacking airfields in Romania. They attacked an airfield in Poland on July 25 and returned to Italy on July 26, attacking airfields in Romania on the way. A similar mission was carried out between August 4 and 6. Two more bomber missions were flown to Russian bases. On August 6, the 8th Air Force sent 76 bombers and 64 fighters against an aircraft factory in Gdynia, Poland. The force attacked oil refineries in Poland the next day, and then proceeded to Italy on August 8, attacking air fields in Romania on the way. On September 11, a similar force bombed an arms factory in Chemnitz, Germany, and attacked a steel works in Hungary on September 13 during a flight to Italy. By this time, the Army Air Force concluded that the advance of the Soviet armies had placed the air bases too far east of German-held territory to make future raids worthwhile.

The last FRANTIC mission involved an effort to parachute supplies to the Polish Home Army in Warsaw. The Poles had revolted against the Germans on August 1, but the Soviet Government refused to permit Eastern Command bases to be used to assist them until September 11. On September 18, 107 bombers from the 8th Air Force dropped 1,284 containers of supplies over Warsaw. Heavy antiaircraft fire downed one

bomber and seriously damaged eight, and most of the containers fell into the German lines. The bombers continued to Italy the next day, attacking a railroad yard in Hungary on the way. On October 2, the Soviet Government refused permission for a second supply mission.

Nothing came of efforts to persuade the Soviets to grant access to bases in Poland or Romania and the bases in the Ukraine were closed down in October. All but 200 caretaker personnel were withdrawn by the end of the month. The last of the caretakers, isolated from Russian civilians and sometimes harassed by Soviet soldiers and officials, left on June 22, 1945.

In November 1944, the Army Air Force sought bases in Hungary. The subject was brought up at the Yalta Conference on February 12, 1945, and General Eaker was allowed to inspect sites, but Soviet approval was never forthcoming. The United States and Britain also sought permission to establish radio navigation stations in Soviet-held territory, but the Soviets were unwilling to allow foreign military personnel behind their lines. Efforts to have emergency landing fields designated were equally fruitless; distressed aircraft over Soviet-held territory were likely to be fired on, and downed aircrew were treated more like prisoners than allies. Cooperation between Western Allied and Soviet air forces was limited to establishing lines of demarcation to prevent accidental attacks on each other's ground troops.

The FRANTIC missions involved 1,030 aircraft which flew 2,207 sorties. Bombers attacked 13 targets with 1,955 tons of bombs, while fighters had attacked 3 more. The U.S. Air Force claimed that one hundred enemy planes were destroyed in the air, and 60 more on the ground. American losses in the air were 5 bombers and 17 fighters, with 2 aircrew killed, 10 wounded, and 41 missing. Losses from ground attack totalled 43 bombers, 2 transports, and a fighter, with 2 killed and 14 wounded. At the time, FRANTIC appeared to be a success. American officers had gotten to know their Soviet counterparts, and believed they had made a good-faith effort at cooperation. On the other hand, the Army Air Force's official history notes that many targets could have been reached without Russian bases, and others might have been considered not worth the effort. The German High Command was unimpressed, and regarded FRANTIC as little more than a propaganda feat. Soviet histories minimize the Poltava affair. While admitting the loss of 44 American and 15 Russian planes, they claim that their forces had vigorously defended the American bases, and that the Americans had rejected a suggestion to disperse their planes after landing.

The Murmansk Convoys

On June 24, 1941, two days after Nazi Germany invaded the Soviet Union, President Franklin D. Roosevelt promised assistance to the Soviet Union and unfroze Soviet assets in the United States. Discussions soon began between American and Soviet officials on the means of providing assistance. W. Averell Harriman and British Minister for Supply Lord Beaverbrook led a special mission to Moscow in September 1941. On October 1, delegates to the Moscow Conference signed a confidential protocol in which the United States and Britain agreed to supply the Soviet Union with 1.5 million tons of supplies by June 30, 1942. On November 7, 1941, President Roosevelt formally proclaimed that the defense of the Soviet Union was vital to the defense of the United States. The British had already despatched their first supply convoy to Russia on August 21, 1941.

Between June 22, 1941 and September 20, 1945, 17,499,861 tons of Lend-Lease cargo were shipped from the Western Hemisphere to the Soviet Union. Three principal routes were involved. Nearly half (47.1%) of the supplies were carried from West Coast ports to Vladivostok, after which they had to be transported across Siberia. After Pearl Harbor, only Soviet ships could use this route. Nearly half the remainder (23.8%) were sent by way of the Persian Gulf and Iran. This was the longest route. Until the Mediterranean was opened to Allied shipping, it took 76 days to travel the 14,500 miles between East Coast ports and the Persian Gulf by way of the Cape of Good Hope. The North Russia route carried 22.7% of Lend-Lease supplies to the Soviet Union. Merchant ships from the United States and Britain would assemble at Iceland for a voyage to Murmansk that usually lasted ten days. An additional two days would bring a convoy to the port of Archangel on the White Sea. Murmansk was free of ice all year, but Archangel could only be used in the summer and fall.

If the North Russia route was the shortest (4,600 miles from the United States), it was also the most dangerous. Natural hazards included fog, drifting ice, and storms with winds of up to 80 miles per hour. The worst weather was in winter, but almost perpetual darkness offered concealment. Nearly perpetual daylight during July and August favored enemy attacks. Shipwrecked sailors had little chance of survival in the icy Arctic Ocean.

The convoys had to pass close to German air and submarine bases in northern Norway. Most of the German surface fleet was also based in Norway, including Germany's most powerful battleship, the Tirpitz. Between August 1941 and May 1945,

there were 40 northbound convoys to and 35 southbound convoys from Murmansk. The northbound convoys (designated PQ until November 1942 and JW thereafter) involved 811 merchant ships. The southbound convoys (designated QP and later RA) returned 715 ships. A total of 96 merchant ships were lost, 81 of them to enemy action while in convoy, along with 18 escorting warships. Lost with them were 1,944 naval and 829 merchant marine personnel. Out of 3.9 million tons of cargo sent from the United States and Britain, 3.7 million tons arrived.

Most losses took place between April and November of 1942. The worst case involved northbound convoy PQ-17, which included 33 merchant ships. On July 4, 1942, the British Admiralty, hearing that the German fleet had sailed to intercept the convoy, withdrew the escort and supporting forces and ordered the merchant ships to scatter and proceed independently. Only 11 reached Russian ports. Convoys were then suspended until September, when PQ-18 was despatched. It lost 13 out of 40 ships. Another suspension took place in October and November, when warships were needed for the invasion of North Africa. During this time, merchant ships sailed independently to and from Russia. Five out of ten outbound ships were lost, and all but one of 30 homeward-bound ships returned. Shipping losses declined dramatically thereafter. Sixty-three ships had been lost in convoys to North Russia during 1942; 4 were lost in 1943, 7 in 1944, and 6 in 1945. More warships, including small aircraft carriers, were available to protect the convoys during these later years. Also, Luftwaffe bomber squadrons had been redeployed to other fronts, and German warships had been either destroyed, disabled, or withdrawn to home waters.

The British Navy provided most of the escorts that protected the North Russia convoys. Between April 1942 and November 1943, the U.S. Navy's Task Force 39 (later 99) operated with the British Home Fleet. This force included one or two battleships, an aircraft carrier, two cruisers, and a squadron of destroyers. Elements of Task Force 99 took part in convoys PQ-15 through 17. In August, when convoys had been suspended, the heavy cruiser Tuscaloosa and two destroyers made a voyage to deliver priority cargo to Murmansk. U.S. Navy personnel manned guns aboard American merchant ships. Several of the small aircraft carriers used by the Royal Navy as convoy escorts during 1944 and 1945 had been built in the United States and were equipped with American-built planes.

American merchant ships began participating in convoys to North Russia in January 1942. Of 84 American ships that sailed for Russia between April and June, 23 were lost and 17 had to return to Britain when they could not unload their cargoes. Twenty-two of the 33 merchant ships in the ill-fated

convoy PQ-17 were American, and 15 of them were lost. American ships predominated in the JW and RA series of convoys, and the last losses to them occurred on March 21, 1945, when German submarines torpedoed two freighters, one of which sank.

When Germany invaded the Soviet Union in 1941, the Soviet Northern Fleet lacked the capability to do more than defend the immediate vicinity of Murmansk. Soviet ships and aircraft would escort approaching convoys during the last day or two of their voyage, but seldom ventured far from their bases. The Soviet Navy suffered from obsolete equipment, a lack of technical personnel, and a rigid and highly centralized command structure. During the war, the Soviet Northern Fleet was reinforced by destroyers and submarines from the Soviet Pacific Fleet, and also received many of the 556 ships supplied to the Soviet Union by the United States and Britain under the Lend-Lease program. Most of these were small craft such as motor torpedo boats, subchasers, and minesweepers.

During 1944, the Soviet Navy received a number of warships that were intended as temporary substitutes for its share of the surrendered Italian fleet. These included the American cruiser Milwaukee, the British battleship Royal Sovereign, 4 British submarines, and 9 of the old destroyers that Britain had received from the United States in 1940. The two larger ships, renamed Murmansk and Archangelsk respectively, spent most of their time in port, but the destroyers helped the Northern Fleet to play a more active role in convoy escort. One submarine and one destroyer were lost, but the remaining ships were eventually returned to their former owners for disposal after the war.

Facilities in Russian ports were limited, so that merchant ships often had to wait weeks or months to unload their cargoes. Much of the labor was provided by Russian soldiers on leave, women, or political prisoners. Soviet authorities prevented British and American seamen from assisting in the unloading. The nearest German airfield was only 35 miles away and small-scale air raids were frequent. Docks and railroads were the principal targets and only 5 ships were sunk while in Russian ports.

As they waited to depart, American seamen found that living conditions in the North Russian ports were harsh. Although the Russian people were friendly and eager to share what little they had, Soviet officials were often suspicious, distrustful, and reluctant to make decisions without consulting their superiors in Moscow. While the Soviet government opened clubs for sailors in the ports, it discouraged fraternization with civilians. It also did its best to minimize the numbers of

foreign military personnel stationed in North Russia. The British military mission was limited to 170 men. British fighter squadrons operated from North Russian bases in September 1941, and British bomber squadrons did so a year later. In both cases, British pilots soon had to turn their planes over to the Russians and return home. In August 1942, Soviet authorities refused to allow a British medical detachment to disembark at Murmansk. The Allies did not get permission to establish hospital facilities for their sailors until 1944.

The official representative of the United States at Murmansk was Commander (later Captain) Samuel B. Frankel, the Assistant Naval Attaché for Air. He was usually assisted by a single Navy yeoman, although personnel from the U.S. Military Mission were temporarily assigned to work with him. Frankel described his duties as ranging from "shipping magnate down or up the scale through agent, consul, doctor, chaplain, moneylender, maritime commission representative, labor intermediary, and coordinator of various Soviet agencies." His abilities received their greatest test in July 1942, when the destruction of convoy PQ-17 left him with 567 shipwrecked American sailors to feed, shelter, and repatriate, together with responsibility for the salvage of a beached American freighter. On June 30, 1942, American Ambassador William H. Standley wrote to the Department of State that he saw no useful purpose in establishing a consulate at Murmansk. Since it was in a combat zone, military officials would probably be more effective than civilians in dealing with Soviet authorities.

Soviet merchant ships regularly sailed in the convoys. If suspicion and distrust were common between Americans and Russians ashore, cooperation was necessary for survival at sea. On July 6, 1942, following the dispersal of convoy PQ-17, the Soviet tanker Donbas rescued the crew of the Liberty Ship Daniel Morgan. In return, gunners from the Morgan manned a gun and helped drive off attacking German planes.

The end of the war in Europe brought rejoicing to Russians and Americans alike in Murmansk. The celebrations included much firing into the air by ships and shore batteries. Soviet officials later claimed that American ships had shot down several barrage balloons during the festivities, causing damage to property and injury to military personnel. On August 1, 1945, the American Embassy in Moscow concluded that the Soviet claims were unfounded. One ship had only blown its whistle, the other two had been careful to fire out to sea, and two balloons had gone down before any American ships had fired.

The Soviet Government first mentioned the subject of decorating American military and merchant marine personnel who

had served in the convoys in September 1943. On April 11, 1944, Soviet Ambassador Andrei A. Gromyko presented orders and decorations to 26 Army, 16 Navy, and 10 Merchant Marine personnel in a ceremony at the Mayflower Hotel in Washington, D.C. The Soviet Government proposed a second series of awards on October 26, 1944, and received a list of candidates for them on March 21, 1945. In July and August of 1945, nearly 200 U.S. Navy and Coast Guard personnel received Soviet orders and decorations "for outstanding military activities aiding the delivery to northern ports of the Soviet Union during war against the common enemy . . . of transports with military cargo and for valor and courage displayed while performing this duty."

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FOR COMBS FROM PARRIS

E.O. 12356: DECL: OADR
TAGS: PREL, US, UR,
SUBJECT: OFFICIAL-INFORMAL NO. 212

1. ENTIRE TEXT.

2. THERE FOLLOW CURRENT DRAFT REPLIES TO THE WRITTEN
QUESTIONS SUBMITTED BY TASS FOR THE PRESIDENT'S
INTERVIEW. THESE ANSWERS ARE BEING REVIEWED IN THE WHITE
HOUSE AND ARE DUE TO BE SENT TO THE PRESIDENT BY 1500 EST
OCTOBER 29. WE WOULD APPRECIATE YOUR COMMENTS BY OPENING
OF BUSINESS OCTOBER 29 TO TRANSMIT TO JACK MATLOCK'S
OFFICE. PLEASE RESPOND BY IMMEDIATE O-I.

BEGIN TEXT:

Q.1: THE FORTHCOMING MEETING BETWEEN GENERAL SECRETARY
GORBACHEV AND YOU, MR. PRESIDENT, IS FOR OBVIOUS REASONS
LOOKED UPON AS AN EVENT OF SPECIAL IMPORTANCE. BOTH
SIDES HAVE STATED THEIR INTENTION TO MAKE AN EFFORT TO

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IMPROVE RELATIONS BETWEEN OUR TWO COUNTRIES, TO BETTER
THE OVERALL INTERNATIONAL SITUATION. THE SOVIET UNION
HAS, OVER A PERIOD OF TIME, PUT FORWARD A WHOLE SET OF
CONCRETE PROPOSALS AND HAS UNILATERALLY TAKEN STEPS IN
VARIOUS AREAS DIRECTLY AIMED AT ACHIEVING THIS GOAL.

WHAT IS THE U.S. FOR ITS PART GOING TO DO?

A.1. I FULLY AGREE THAT MY MEETING WITH GENERAL SECRETARY

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GORBACHEV HAS SPECIAL SIGNIFICANCE, AND I AM PERSONALLY LOOKING FORWARD TO IT VERY MUCH. I SINCERELY HOPE THAT WE WILL BE ABLE TO PUT RELATIONS BETWEEN OUR TWO COUNTRIES ON A SAFER AND MORE SECURE COURSE. I, FOR MY PART, WILL CERTAINLY DO ALL I CAN TO MAKE THAT POSSIBLE.

WE OF COURSE STUDY EVERY SOVIET PROPOSAL CAREFULLY AND WHEN WE FIND THEM PROMISING WE ARE HAPPY TO SAY SO. IF, ON THE OTHER HAND, WE FIND THEM ONE-SIDED IN THEIR EFFECT, WE EXPLAIN WHY WE FEEL AS WE DO. AT THE SAME TIME WE, TOO, HAVE MADE CONCRETE PROPOSALS -- DOZENS OF THEM -- WHICH ALSO COVER EVERY SPHERE OF OUR RELATIONSHIP, AND WE HOPE THESE RECEIVE THE SAME CAREFUL ATTENTION THAT WE GIVE TO SOVIET PROPOSALS.

LET ME GIVE YOU A FEW EXAMPLES. ONE THING THAT HAS CREATED ENORMOUS TENSION IN U.S.-SOVIET RELATIONS OVER THE LAST FEW YEARS HAS BEEN ATTEMPTS TO SETTLE PROBLEMS AROUND THE WORLD BY USING MILITARY FORCE. THE RESORT TO ARMS, WHETHER IT BE IN AFGHANISTAN, KAMPUCHEA OR IN THE MIDDLE EAST, HAS CONTRIBUTED NOTHING TO THE PROSPECTS FOR PEACE OR THE RESOLUTION OF INDIGENOUS PROBLEMS, BUT HAS BROUGHT ADDITIONAL SUFFERING TO THE PEOPLES OF THESE REGIONS. BUT THIS IS DANGEROUS, AND WE NEED TO FIND A



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WAY TO STOP ATTEMPTS TO SOLVE PROBLEMS BY FORCE. AND SO I HAVE PROPOSED THAT WE BOTH ENCOURAGE PARTIES TO THESE CONFLICTS TO LAY DOWN THEIR ARMS AND NEGOTIATE SOLUTIONS -- AND IF THEY ARE WILLING TO DO THAT OUR COUNTRIES SHOULD FIND A WAY TO AGREE TO SUPPORT A PEACEFUL SOLUTION AND REFRAIN FROM PROVIDING MILITARY SUPPORT TO THE WARRING PARTIES. AND IF PEACE CAN BE ACHIEVED, THE UNITED STATES WILL CONTRIBUTE GENEROUSLY TO AN INTERNATIONAL EFFORT TO RESTORE WAR-RAVAGED ECONOMIES -- JUST AS WE DID AFTER THE SECOND WORLD WAR, CONTRIBUTING TO THE RECOVERY OF FRIENDS AND FOES ALIKE, AND AS WE HAVE DONE ON COUNTLESS OTHER OCCASIONS.

BOTH OF OUR GOVERNMENTS AGREE THAT OUR NUCLEAR ARSENALS ARE MUCH TOO LARGE. WE ARE BOTH COMMITTED TO RADICAL REDUCTIONS. SO THE UNITED STATES HAS MADE CONCRETE PROPOSALS FOR SUCH REDUCTIONS: TO BRING BALLISTIC MISSILE WARHEADS DOWN TO 5,000 ON EACH SIDE, AND TO ELIMINATE INTERMEDIATE-RANGE BALLISTIC MISSILES FROM OUR ARSENALS ALLTOGETHER. THESE HAVE NOT BEEN "TAKE-IT-OR-LEAVE-IT" PROPOSALS. WE ARE PREPARED TO NEGOTIATE, SINCE WE KNOW THAT NEGOTIATION IS NECESSARY IF WE ARE TO REACH A SOLUTION UNDER WHICH NEITHER SIDE FEELS THREATENED. WE ARE WILLING TO ELIMINATE OUR ADVANTAGES IF YOU WILL AGREE TO ELIMINATE YOURS. THE IMPORTANT THING IS TO BEGIN REDUCING THESE TERRIBLE WEAPONS IN A WAY THAT BOTH SIDES

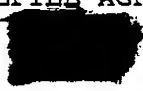
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WILL FEEL SECURE, AND TO CONTINUE THAT PROCESS UNTIL WE HAVE ELIMINATED THEM ALTOGETHER.

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EVENTS OF THE PAST TEN TO FIFTEEN YEARS HAVE GREATLY INCREASED MISTRUST BETWEEN OUR COUNTRIES. IF WE ARE TO SOLVE THE KEY PROBLEMS IN OUR RELATIONSHIP, WE HAVE TO DO SOMETHING TO RESTORE CONFIDENCE IN DEALING WITH EACH OTHER. THIS REQUIRES BETTER COMMUNICATION, MORE CONTACT, AND CLOSE ATTENTION TO MAKE SURE THAT BOTH PARTIES FULFILL AGREEMENTS REACHED. THAT IS WHY WE HAVE MADE




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LITERALLY 40 TO 50 PROPOSALS TO IMPROVE OUR WORKING RELATIONSHIP, EXPAND COMMUNICATION AND BUILD CONFIDENCE. FOR EXAMPLE, WE HAVE PROPOSED AN AGREEMENT TO COOPERATE ON THE PEACEFUL USE OF SPACE. THE APOLLO-SOYUZ JOINT MISSION WAS A GREAT SUCCESS IN 1975, AND WE SHOULD TRY TO RENEW THAT SORT OF COOPERATION. WE HAVE ALSO MADE SEVERAL PROPOSALS FOR MORE DIRECT CONTACT BY OUR MILITARY PEOPLE. IF THEY TALKED TO EACH OTHER MORE, THEY MIGHT FIND THAT AT LEAST SOME OF THEIR FEARS ARE UNFOUNDED. BUT MOST OF ALL, ORDINARY PEOPLE IN BOTH COUNTRIES SHOULD HAVE MORE CONTACT, PARTICULARLY OUR YOUNG PEOPLE. THE FUTURE, AFTER ALL, BELONGS TO THEM. I'D LIKE TO SEE US SENDING THOUSANDS OF STUDENTS TO EACH OTHER'S COUNTRY EVERY YEAR, TO GET TO KNOW EACH OTHER, TO LEARN FROM EACH OTHER AND -- MOST OF ALL -- TO COME TO UNDERSTAND THAT, EVEN WITH OUR DIFFERENT PHILOSOPHIES, WE CAN AND MUST LIVE IN PEACE.

OBVIOUSLY WE ARE NOT GOING TO SOLVE ALL THE DIFFERENCES BETWEEN US AT ONE MEETING, BUT WE WOULD LIKE TO TAKE SOME CONCRETE STEPS FORWARD. ABOVE ALL, I HOPE THAT OUR MEETING WILL GIVE MOMENTUM TO A GENUINE PROCESS OF PROBLEM SOLVING, AND THAT WE CAN AGREE ON AN AGENDA FOR THE FUTURE THAT WILL BRING REWARDS DOWN THE ROAD.

Q.2: THE SOVIET UNION STANDS FOR PEACEFUL COEXISTENCE WITH COUNTRIES WHICH HAVE DIFFERENT SOCIAL SYSTEMS, INCLUDING THE U.S. IN SOME OF YOUR STATEMENTS, THE POINT HAS BEEN MADE THAT IN SPITE OF DIFFERENCES BETWEEN OUR COUNTRIES, IT IS NECESSARY TO AVOID A MILITARY CONFRONTATION. IN OTHER WORDS, WE MUST LEARN HOW TO LIVE IN PEACE. THUS, BOTH SIDES RECOGNIZE THE FACT THAT THE ISSUE OF ARMS LIMITATION AND REDUCTION IS AND WILL BE DETERMINING IN THESE RELATIONS. THE SPECIAL RESPONSIBILITY OF THE U.S. AND U.S.S.R. FOR THE FATE OF THE WORLD IS AN OBJECTIVE



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FACT. WHAT IN YOUR OPINION CAN BE ACHIEVED IN THE AREA OF SECURITY IN YOUR MEETING WITH GORBACHEV?


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A.2. WELL, FIRST OF ALL, I WOULD SAY THAT WE THINK ALCOUNTRIES SHOULD LIVE TOGETHER IN PEACE, WHETHER THEY HAVE THEAME OR DIFFERENT SOCIAL SYSTEMS. EVEN IF SOCIAL SYSTEMS ARE SIMILAR, THIS SHOULDN'T GIVE A COUNTRY THE RIGHT TO USE FORCE AGAINST ANOTHER.

BUT YOU ARE ABSOLUTELY RIGHT WHEN YOU SAY THAT WE MUST LEARN TO LIVE IN PEACE, AND THAT OUR COUNTRIES BEAR A SPECIAL RESPONSIBILITY BEFORE THE WORLD. THIS IS THE CASE NOT ONLY BECAUSE WE POSSESS ENORMOUS NUCLEAR ARSENALS, BUT BECAUSE AS SUPER POWERS, WHETHER WE LIKE IT OR NOT, OUR EXAMPLE AND ACTIONS AFFECT ALL THOSE AROUND US. OUR RELATIONS INVOLVE NOT ONLY THE NEGOTIATING OF NEW AGREEMENTS, BUT ABIDING BY PAST AGREEMENTS AS WELL. OFTEN WE ARE ACCUSED BY YOUR COUNTRY OF INTERFERING IN YOUR INTERNAL AFFAIRS ON SUCH QUESTIONS AS HUMAN RIGHTS, BUT THIS IS A CASE IN POINT. TEN YEARS AGO WE BOTH BECAME PARTICIPANTS IN THE HELSINKI ACCORDS AND COMMITTED OURSELVES TO CERTAIN STANDARDS OF BEHAVIOR. WE EXPECT TO LIVE UP TO THOSE COMMITMENTS AND EXPECT OTHERS TO ALSO. SOVIET-AMERICAN RELATIONS AFFECT AS WELL REGIONAL CONFLICTS, .POLITICAL RELATIONS AMONG OUR FRIENDS AND ALLIES, AS WELL AS MANY OTHER AREAS.

WE HAVE THE LARGEST AND MOST DESTRUCTIVE NUCLEAR ARSENALS AND THIS PLACES A SPECIAL RESPONSIBILITY ON OUR SHOULDERS NOT ONLY TO MAKE SURE THEY ARE NEVER USED, BUT TO LEAD THE WORLD TOWARD THE ELIMINATION OF THESE AWESOME WEAPONS.

I THINK THAT MY MEETING WITH GENERAL SECRETARY GORBACHEV CAN START US ON THE ROAD TOWARD THE GOAL OUR COUNTRIES HAVE SET: THE RADICAL REDUCTION OF NUCLEAR WEAPONS AND STEPS TO ACHIEVE THEIR COMPLETE ELIMINATION. WE CAN DO THIS BY FINDING CONCRETE WAYS TO OVERCOME ROADBLOCKS IN THE NEGOTIATING PROCESS AND THUS GIVE A REAL IMPETUS TO OUR NEGOTIATORS. OF COURSE, WE WILL ALSO



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HAVE TO DISCUSS OTHER PROBLEMS, BECAUSE IT WILL BE VERY HARD TO MAKE GREAT PROGRESS IN ARMS CONTROL UNLESS WE CAN ALSO ACT TO LOWER TENSIONS, REDUCE THE USE AND THREAT OF FORCE, AND BUILD CONFIDENCE IN OUR ABILITY OF OUR GOVERNMENTS TO DEAL CONSTRUCTIVELY WITH EACH OTHER. Q.3: AS IS WELL KNOWN, THE U.S. AND U.S.S.R. REACHED AN UNDERSTANDING LAST JANUARY IN GENEVA THAT THE TOP PRIORITY OF THE NEW NEGOTIATIONS MUST BE THE PREVENTION OF THE ARMS RACE IN SPACE. BUT NOW, THE AMERICAN DELEGATION IN GENEVA IS TRYING TO LIMIT THE DISCUSSION TO CONSIDERATION OF THE QUESTION OF NUCLEAR ARMS AND IS REFUSING TO TALK ABOUT THE PREVENTION OF THE ARMS RACE IN SPACE. .HOW SHOULD WE INTERPRET THIS AMERICAN POSITION?

A.3. ACTUALLY, OUR FOREIGN MINISTERS AGREED TO: "WORK OUT EFFECTIVE AGREEMENTS AIMED AT PREVENTING AN ARMS RACE IN SPACE AND TERMINATING IT ON EARTH, AT LIMITING AND REDUCING NUCLEAR

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ARMS, AND AT STRENGTHENING STRATEGIC STABILITY. SINCE YOUR QUESTION REFLECTS A MISUNDERSTANDING OF THE UNITED STATES POSITION, LET ME REVIEW IT FOR YOU.

FIRST, WE BELIEVE THAT THE MOST THREATENING WEAPONS FACING MANKIND TODAY ARE NUCLEAR WEAPONS OF MASS DESTRUCTION. OUR MOST URGENT TASK IS TO BEGIN TO REDUCE THEM RADICALLY AND TO CREATE CONDITIONS SO THAT THEY CAN EVENTUALLY BE ELIMINATED. SINCE MOST OF THESE WEAPONS PASS THROUGH SPACE TO REACH THEIR TARGETS, REDUCING THEM IS IMPORTANT FOR BOTH GOALS.

AS I NOTED EARLIER, WE HAVE MADE CONCRETE, SPECIFIC PROPOSALS TO ACHIEVE THIS. RECENTLY, THE SOVIET SIDE FINALLY MADE SOME COUNTERPROPOSALS, AND WE WILL BE RESPONDING IN A GENUINE SPIRIT OF GIVE-AND-TAKE IN AN EFFORT TO FIND A PRACTICAL SOLUTION BOTH COUNTRIES CAN AGREE ON.



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SECOND, WE BELIEVE THAT OFFENSIVE AND DEFENSIVE SYSTEMS ARE CLOSELY INTERRELATED, AND THAT THESE ISSUES SHOULD BE TREATED, AS OUR FOREIGN MINISTERS AGREED, AS INTERRELATED. OUR PROPOSALS ARE FULLY CONSISTENT WITH THIS UNDERSTANDING. WE WOULD LIKE TO UNDERTAKE A THOROUGH DISCUSSION OF HOW A BALANCE OF OFFENSIVE AND DEFENSIVE SYSTEMS CAN BE ACHIEVED, AND HOW -- IF SCIENTISTS ARE ABLE TO DEVELOP EFFECTIVE DEFENSES IN THE FUTURE -- WE MIGHT BOTH USE THEM TO PROTECT OUR COUNTRIES WITHOUT THREATENING THE OTHER. IF WE EVER SUCCEED IN ELIMINATING NUCLEAR WEAPONS, COUNTRIES ARE GOING TO REQUIRE A DEFENSE AGAINST THEM, IN CASE SOME MADMAN GETS HIS HANDS ON SOME AND TRIES TO BLACKMAIL OTHER COUNTRIES.

SPECIFICALLY, WE HAVE PROPOSED:

--ON STRATEGIC ARMS, A REDUCTION OF EACH SIDE'S NUCLEAR FORCES DOWN TO 5,000 WARHEADS ON BALLISTIC MISSILES. THAT WOULD BE A VERY DRAMATIC LOWERING OF FORCE LEVELS, IN A WAY THAT WOULD GREATLY ENHANCE STRATEGIC STABILITY. WE HAVE OFFERED TO NEGOTIATE STRICT LIMITS ON OTHER KINDS OF WEAPONS. BECAUSE OUR FORCE STRUCTURES ARE DIFFERENT, AND BECAUSE THE SOVIET UNION HAS COMPLAINED ABOUT HAVING TO RECONFIGURE ITS FORCES, WE HAVE OFFERED TO CONSIDER TRADE-OFFS BETWEEN AREAS OF AMERICAN STRENGTH AND AREAS OF SOVIET STRENGTH.

--ON INTERMEDIATE-RANGE FORCES, WE BELIEVE THE BEST COURSE IS TO ELIMINATE THAT ENTIRE CATEGORY OF MISSILE, WHICH INCLUDES 441 SS-20 MISSILES THE SOVIET UNION HAS DEPLOYED, AND OUR PERSHING II AND GROUND-LAUNCHED CRUISE MISSILES. WE HAVE ALSO OFFERED AN INTERIM AGREEMENT WHICH WOULD ESTABLISH AN EQUAL NUMBER OF WARHEADS ON U.S. AND SOVIET MISSILES IN THIS CATEGORY, ON A GLOBAL BASIS.

--IN THE AREA OF SPACE AND DEFENSE, WE HAVE OFFERED TO DISCUSS


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WITH SOVIET NEGOTIATORS THE POSSIBILITY THAT NEW TECHNOLOGY MIGHT ALLOW BOTH SIDES TO CARRY OUT A TRANSITION TO GREATER RELIANCE ON DEFENSIVE WEAPONS, RATHER THAN BASING SECURITY ON OFFENSIVE




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MILITARY MISSILES. SO THAT THERE WOULD BE NO MISUNDERSTANDINGS ABOUT OUR RESEARCH PROGRAM ON NEW DEFENSIVE SYSTEMS, I SENT GENERAL ABRAHAMSON, THE STRATEGIC DEFENSE INITIATIVE PROGRAM DIRECTOR, TO GENEVA TO BRIEF SOVIET NEGOTIATORS. UNFORTUNATELY, WE HAVE NOT HAD A COMPARABLE DESCRIPTION OF YOUR PROGRAM, EVEN THOUGH GENERAL SECRETARY GORBACHEV HAS ACKNOWLEDGED THAT IT IS UNDER WAY AND WILL CONTINUE.

FRANKLY, I HAVE DIFFICULTY UNDERSTANDING WHY SOME PEOPLE HAVE MISUNDERSTOOD AND MISINTERPRETED OUR POSITION. BECAUSE YOU KNOW -- OR MAYBE YOU DIDN'T, BUT YOU SHOULD -- THE RESEARCH WE ARE CONDUCTING IN THE UNITED STATES REGARDING STRATEGIC DEFENSE IS IN PRECISELY THE SAME AREAS AS THE RESEARCH BEING CONDUCTED IN THE SOVIET UNION. THERE ARE ONLY TWO DIFFERENCES: THE SOVIET UNION HAS BEEN CONDUCTING RESEARCH IN MANY OF THESE AREAS LONGER THAN WE HAVE, AND WE HAVE TALKED MORE ABOUT IT, BECAUSE OUR POLITICAL SYSTEM REQUIRES OPEN AND PUBLIC DEBATE BEFORE SUCH DECISIONS ARE MADE. BUT THESE DIFFERENCES IN APPROACHES TO POLICY DECISIONS SHOULD NOT LEAD US TO ERRONEOUS CONCLUSIONS. BOTH SIDES ARE INVOLVED IN SIMILAR RESEARCH, AND THERE IS NOTHING WRONG IN THAT.

HOWEVER, THIS DOES MAKE IT RATHER HARD FOR US TO UNDERSTAND WHY WE SHOULD BE ACCUSED OF ALL SORTS OF AGGRESSIVE INTENTIONS WHEN WE ARE DOING NOTHING MORE THAN YOU ARE. THE IMPORTANT THING, HOWEVER, IS FOR US TO NEGOTIATE ON THESE ISSUES SPECIFICALLY AND CANDIDLY. WHAT WE ARE SEEKING IS A BALANCED, FAIR, VERIFIABLE AGREEMENT -- OR SERIES OF AGREEMENTS -- THAT WILL PERMIT US TO DO WHAT WAS AGREED IN GENEVA IN JANUARY: TO TERMINATE THE ARMS RACE ON EARTH AND PREVENT IT IN SPACE. THE UNITED STATES HAS NO "TRICKS" UP ITS SLEEVE, AND WE HAVE NO DESIRE TO THREATEN THE SOVIET UNION IN ANY WAY. Q.4: MR. PRESIDENT, OFFICIALS OF YOUR ADMINISTRATION CLAIM THAT THE U.S., IN ITS INTERNATIONAL



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RELATIONS, STANDS FOR THE FORCES OF DEMOCRACY. HOW CAN ONE RECONCILE STATEMENTS OF THIS KIND WITH THE ACTUAL DEEDS OF THE U.S.? IF YOU TAKE ANY CURRENT EXAMPLE, IT SEEMS THAT WHEN A PARTICULAR COUNTRY WANTS TO EXERCISE ITS RIGHT TO INDEPENDENT DEVELOPMENT -- WHETHER IT BE IN THE MIDDLE EAST, IN SOUTHERN AFRICA, IN CENTRAL AMERICA OR IN ASIA -- IT IS THE U.S. IN PARTICULAR, WHICH SUPPORTS THOSE WHO STAND AGAINST THE MAJORITY OF THE PEOPLE, AGAINST LEGITIMATE GOVERNMENTS.

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A.4. I MUST SAY QUITE FRANKLY THAT I COMPLETELY REJECT THE ASSUMPTION ON WHICH YOU BASE YOUR QUESTION. FROM YOUR QUESTION, ONE MIGHT THINK THAT THE UNITED STATES WAS ENGAGED IN A WAR IN SOME OTHER COUNTRY AND IN SO DOING HAD SET ITSELF AGAINST THE MAJORITY OF THE PEOPLE WHO WANT SELF DETERMINATION. I CAN ASSURE YOU, QUITE OFFICIALLY, THAT THIS IS NOT THE CASE. I AM PROUD, AS ARE ALL AMERICANS, THAT NOT A SINGLE AMERICAN SOLDIER IS IN COMBAT ANYWHERE IN THE WORLD. IF EVERY COUNTRY COULD SAY THE SAME, WE WOULD TRULY LIVE IN A WORLD OF LESS TENSION AND DANGER.

YES, WE ARE VERY SUPPORTIVE OF DEMOCRACY. IT IS THE BASIS OF OUR POLITICAL SYSTEM AND OUR WHOLE PHILOSOPHY. OUR NATION WAS NOT FOUNDED ON THE BASIS OF ONE ETHNIC GROUP OR CULTURE, AS ARE MANY OTHER COUNTRIES, BUT ON THE BASIS OF THIS IDEAL. AND THAT IS THAT GOVERNMENTS ARE LEGITIMATE ONLY IF THEY ARE CREATED BY THE PEOPLE, AND THAT THEY ARE SUBORDINATE TO THE PEOPLE, WHO SELECT IN FREE ELECTIONS THOSE WHO GOVERN THEM, AND CAN ALSO BE REMOVED IN FREE ELECTIONS WHICH MUST BE HELD AT REGULAR INTERVALS. BUT DEMOCRACY IS MORE THAN ELECTIONS IN WHICH ALL WHO WISH CAN COMPETE. IN OUR VIEW THERE ARE MANY THINGS THAT EVEN PROPERLY ELECTED GOVERNMENTS HAVE NO RIGHT TO DO. NO AMERICAN GOVERNMENT CAN RESTRICT FREEDOM OF SPEECH, OR OF RELIGION, AND NO AMERICAN GOVERNMENT CAN TELL ITS PEOPLE WHERE THEY MUST LIVE OR WHETHER THEY CAN LEAVE THE COUNTRY OR NOT. THESE AND THE OTHER INDIVIDUAL FREEDOMS ENSHRINED IN OUR CONSTITUTION ARE THE MOST PRECIOUS GIFT OUR FOREFATHERS



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BEQUEATHED US AND WE WILL DEFEND THEM SO LONG AS WE EXIST AS A NATION.

NOW THIS DOESN'T MEAN THAT WE THINK WE ARE PERFECT. OF COURSE WE ARE NOT. WE HAVE SPENT OVER 200 YEARS TRYING TO LIVE UP TO OUR IDEALS AND CORRECT FAULTS IN OUR SOCIETY, AND WE'RE STILL AT IT. IT ALSO DOESN'T MEAN THAT WE THINK WE HAVE A RIGHT TO IMPOSE OUR SYSTEM ON OTHERS. WE DON'T, BECAUSE WE BELIEVE THAT EVERY NATION SHOULD HAVE THE RIGHT TO DETERMINE ITS OWN WAY OF LIFE. AT THE SAME TIME, AS I MENTIONED BEFORE, WE HAVE AGREED TO A NUMBER OF INTERNATIONAL TREATIES AND COMMITTED OURSELVES TO CERTAIN STANDARDS OF INTERNATIONAL BEHAVIOR. WHEN YOUR LEADERS AND OURS AGREED TO SIGN THE HELSINKI ACCORDS, WE SET THOSE STANDARDS. IS IT NOT THEN APPROPRIATE THAT THE PEOPLE OF OUR COUNTRY EXPECT YOU AND YOUR LEADERS TO HONOR THESE STANDARDS OF BEHAVIOR TOWARD YOUR OWN PEOPLE? THE AMERICAN PEOPLE ARE ZEALOUS IN THEIR INTERNATIONAL RESPONSIBILITIES AND IN THE STRUGGLE FOR JUSTICE AND LIBERTY. I CAN ASSURE YOU THAT THE AMERICAN PEOPLE DO NOT HOLD OTHER GOVERNMENTS TO ANY HIGHER STANDARDS THAN THEY INSIST ON FOR THEIR OWN. WHEN WE SEE OTHER NATIONS THREATENED FROM THE OUTSIDE BY FORCES WHICH WOULD DESTROY THEIR LIBERTIES AND IMPOSE THE RULE OF A MINORITY BY FORCE OF ARMS, WE WILL HELP THEM RESIST THAT WHENEVER WE CAN.

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WE WOULD NOT BE TRUE TO OUR IDEALS IF WE DID NOT.

WE RESPOND WITH FORCE ONLY AS A LAST RESORT, AND ONLY WHEN WE OR OUR ALLIES ARE THE VICTIMS OF AGGRESSION. FOR EXAMPLE, IN WORLD WAR II, WE TOOK A FULL AND VIGOROUS PART IN THE SUCCESSFUL FIGHT AGAINST HITLERISM, EVEN THOUGH OUR COUNTRY WAS NOT INVADED BY THE NAZIS. WE STILL REMEMBER OUR WARTIME ALLIANCE AND THE HEROISM THE PEOPLES OF THE SOVIET UNION DISPLAYED IN THAT STRUGGLE. AND WE ALSO REMEMBER THAT WE NEVER USED OUR POSITION AS ONE OF THE VICTORS TO ADD TERRITORY OR TO ATTEMPT TO DOMINATE




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OTHERS. RATHER WE HELPED REBUILD THE DEVASTATED COUNTRIES, FRIENDS AND ERSTWHILE FOES ALIKE, AND HELPED FOSTER DEMOCRACY WHERE THERE WAS ONCE TOTALITARIANISM. HAVE WE NOT ALL BENEFITTED FROM THE FACT THAT JAPAN AND THE FEDERAL REPUBLIC OF GERMANY ARE TODAY FLOURISHING DEMOCRACIES, AND STRONG PILLARS OF A STABLE AND HUMANE WORLD ORDER? WELL, THE GERMAN AND JAPANESE PEOPLE DESERVE CREDIT FOR THIS, BUT WE BELIEVE WE HELPED ALONG THE WAY.

Q.5: THE SOVIET UNION HAS UNILATERALLY TAKEN A SERIES OF MAJOR STEPS. IT HAS PLEDGED NOT TO BE THE FIRST TO USE NUCLEAR WEAPONS. IT HAS UNDERTAKEN A MORATORIUM ON ANY KIND OF NUCLEAR TESTS. IT HAS STOPPED DEPLOYMENT OF INTERMEDIATE-RANGE MISSILES IN THE EUROPEAN PART OF ITS TERRITORY AND HAS EVEN REDUCED THEIR NUMBER. WHY HASN'T THE U.S. DONE ANYTHING COMPARABLE?

A.5. ACTUALLY, WE HAVE RATHER FREQUENTLY TAKEN STEPS INTENDED TO LOWER TENSION AND TO SHOW OUR GOOD WILL, THOUGH THESE WERE RARELY RECIPROCATED. IMMEDIATELY AFTER WORLD WAR II, WHEN WE WERE THE ONLY COUNTRY WITH NUCLEAR WEAPONS, WE PROPOSED GIVING THEM UP ALTOGETHER TO AN INTERNATIONAL AUTHORITY, SO THAT NO COUNTRY WOULD HAVE SUCH DESTRUCTIVE POWER AT ITS DISPOSAL. WHAT A PITY THAT THIS IDEA WAS NOT ACCEPTED. NOT ONLY DID WE NOT USE OUR NUCLEAR MONOPOLY, WE SIGNALLLED OUR PEACEFUL INTENT BY DEMOBILIZING OUR ARMED FORCES IN AN EXTRAORDINARILY RAPID WAY. AT THE END OF THE WAR IN 1945, WE HAD 12 MILLION MEN UNDER ARMS, BUT BY THE BEGINNING OF 1948 WE HAD REDUCED OUR FORCES TO ONE-TENTH OF THAT NUMBER, 1.2 MILLION. SINCE THE 1960'S WE HAVE UNILATERALLY CUT BACK OUR OWN NUCLEAR ARSENAL: WE NOW HAVE FEWER WEAPONS THAN IN 1969, AND ONLY ONE THIRD OF THE DESTRUCTIVE POWER AT THAT TIME.

THE UNITED STATES AND THE NATO ALLIES HAVE REPEATEDLY SAID THAT WE WILL NEVER USE OUR ARMS, CONVENTIONAL OR NUCLEAR, UNLESS WE ARE ATTACKED.



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LET ME ADD SOMETHING THAT MIGHT NOT BE WIDELY KNOWN IN THE SOVIET UNION. IN AGREEMENT WITH THE NATO COUNTRIES, THE UNITED STATES SINCE 1979 HAS REMOVED FROM EUROPE SOME 2,400 NUCLEAR WEAPONS. THAT'S A WITHDRAWAL OF ABOUT 5 NUCLEAR WEAPONS FOR EVERY INTERMEDIATE-RANGE MISSILE WE PLAN TO DEPLOY. IT BRINGS OUR NUCLEAR FORCES IN EUROPE TO THE LOWEST LEVEL IN SOME TWENTY YEARS. WE HAVE SEEN NO COMPARABLE SOVIET RESTRAINT.

IF THE SOVIET UNION IS NOW REDUCING ITS INTERMEDIATE RANGE MISSILES IN EUROPE, THAT'S A LONG OVERDUE STEP. THE SOVIET UNION HAS NOW DEPLOYED 441 SS-20 MISSILES, EACH WITH THREE WARHEADS. THE TOTAL PLANNED NATO DEPLOYMENT OF INTERMEDIATE RANGE MISSILES IS 572 SINGLE WARHEAD MISSILES. CURRENTLY THE SOVIET UNION HAS AN ADVANTAGE OF ABOUT 7 TO 1 IN WARHEADS ON SUCH MISSILES. IT IS IMPORTANT TO REMEMBER THAT THE DEPLOYMENT OF THE SS-20 BEGAN WHEN NATO HAD NO COMPARABLE SYSTEMS IN EUROPE.

MOREOVER, PRESIDENT CARTER CANCELLED BOTH THE ENHANCED-RADIATION WARHEAD AND THE B-1 BOMBER IN 1977, AND THE SOVIET UNION MADE NO CORRESPONDING MOVE. IN FACT, ONE OF YOUR OFFICIALS SAID WHEN HE WAS ASKED WHAT THE SOVIET UNION WOULD REDUCE IN RESPONSE, "WE ARE NOT PHILANTHROPISTS." IN 1977 AND 1978 THE UNITED STATES TRIED TO NEGOTIATE A BAN ON DEVELOPING ANTI-SATELLITE WEAPONS. THE SOVIET UNION REFUSED, AND PROCEEDED TO DEVELOP AND TEST AN ANTI-SATELLITE WEAPON. THEN, HAVING DONE SO, A "FREEZE" IS PROPOSED BEFORE THE U.S. TESTS AN ANTI-SATELLITE WEAPON. OBVIOUSLY, THAT SORT OF "FREEZE" DOES NOT LOOK VERY FAIR TO US, AND IF THE SHOE WERE ON THE OTHER FOOT IT WOULDN'T LOOK VERY FAIR TO YOU EITHER.

THE ISSUES BETWEEN OUR TWO COUNTRIES ARE OF SUCH IMPORTANCE THAT THE OFFICIAL POSITIONS OF EACH GOVERNMENT MUST BE COMMUNICATED

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DIRECTLY AND ACCURATELY TO THE PEOPLE OF BOTH COUNTRIES. IN THIS PROCESS, THE MEDIA OF BOTH COUNTRIES HAVE AN IMPORTANT ROLE TO PLAY. WE SHOULD NOT BE ENGAGED IN AN ATTEMPT TO SCORE POINTS AGAINST EACH OTHER. AND THE MEDIA SHOULD NOT DISTORT OUR POSITIONS. WE ARE COMMITTED TO EXAMINING EVERY SOVIET PROPOSAL WITH CARE, SEEKING TO FIND AREAS OF AGREEMENT, AND I TRUST THAT THE SOVIET SIDE WILL DO THE SAME.

THE IMPORTANT THING IS THAT WE BOTH DEAL SERIOUSLY WITH EACH OTHER'S PROPOSALS, AND MAKE A GENUINE EFFORT TO BRIDGE OVER OUR DIFFERENCES IN A WAY WHICH SERVES THE INTERESTS OF BOTH COUNTRIES AND THE WORLD AS A WHOLE. IT IS IN THIS SPIRIT THAT I WILL BE APPROACHING MY MEETING WITH GENERAL SECRETARY GORBACHEV.

SHULTZ

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ACTION MEMORANDUM

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TO: The Secretary
THROUGH: P - Mr. Michael Armacost
FROM: NEA - Richard W. Murphy
EUR - Rozanne L. Ridgway PR
SUBJECT: US - USSR Summit: Iran-Iraq War as Agenda Item

ISSUES FOR DECISION

Whether to include the Iran-Iraq War on the regional agenda of the November Summit and, if so, whether to approve the attached talking points and briefing the British and French.

ESSENTIAL FACTORS

The Iran-Iraq war is unique among Middle East/South Asia issues (i.e. Afghanistan, peace process) in that the public positions of the U.S. and USSR are similar. Gromyko has told you twice that, like us, the Soviets favor an early end to the war, with the territorial integrity of both combatants assured.

In your October 9 meeting with the Arab League Follow-Up Committee on the Iran-Iraq war, you agreed to consider making the war a November Summit item. You will be discussing the Iran-Iraq war with the Soviet Foreign Minister next Friday, October 25.

The Arab League group also asked you to consider a joint US-Soviet initiative in the Security Council calling for an end to the war. We think that a public initiative at this time in the U.N. would complicate and probably undermine whatever potential there may be for U.S.-Soviet cooperation on the war. We would want to review this option again as developments unfold in the war.

However, we do believe that exploring the war with the Soviets in more concrete detail than in the past could be useful, particularly to test their stated position.

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Such discussions would aim to establish whether the Soviets, like us, would be willing to commit themselves against the war if they believed, as we are coming to do, that Iraq may not be able to resist indefinitely. Like us, they have reason to fear an eventual Khomeini regime victory. If the Soviets consider this an increasingly real danger, or are otherwise receptive, we would urge them to staunch the flow of arms to Iran from countries with which they have close relations -- and on which Iran is increasingly dependent -- (North Korea, Eastern Europe and Libya) as we have done with our friends and allies. We understand that Libyan transfers to Iran of Soviet-origin equipment were the subject of heated discussion in the Gorbachev/Qadhafi meeting last week. Unless Iraq makes a strategic breakthrough at Kharg Island, a bloc arms cut-off is probably in fact the only measure capable of bringing Iran to the table.

In the likely event that the Soviets are unresponsive or negative to our suggestion that we discuss the war with them and that they deny arms to Iran, we will be able to make use of that fact with the Arab League group and other Arabs.

If the Soviets are responsive to our line of thinking, we should be prepared to meet with them, at an appropriate level. We would thereafter carefully monitor their policy as it is reflected in arms arrivals in Iran.

In agreeing to consider the request of the Gulf War Follow-Up Committee, you noted that, if we should decide to try to take an initiative on the war with the Soviets in the UNSC, we should also wish to consult our allies on the Security Council (Britain and France). Even though we do not believe we should sponsor a UN initiative now, we believe it would be timely to indicate to the British and French how we intend to follow through on the Arabs' request. There is an opportunity to do this next week when a team will be in London for scheduled talks with the British which include a review of the Gulf war. We have consulted along similar lines with the French in the past (most recently here last spring) and it would be useful to do so again.

RECOMMENDATIONS

1. That you approve the Iran-Iraq War as an agenda item for the Summit.

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2. That you approve the attached talking points for use by the President.

APPROVE _____ DISAPPROVE _____

3. That you approve consultations with the British and French as discussed above.

APPROVE _____ DISAPPROVE _____

Attachment: Talking Points

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TALKING POINTS

--I believe our countries agree that the Iran-Iraq war is a dangerous factor in a critical region of the world. Not the least of its threats is that it is keeping alive the use of CW. We both think that the war should end as soon as possible with the territorial integrity of both parties assured.

--Because Iraq wants to end the war, the U.S. has actively influenced friendly governments to staunch the flow of arms and spare parts to Iran, the only real measure available against Iran's stubborn policy to prolong the war.

--This U.S. effort has had an effect, helped by Iran's dependence on American-source military equipment supplied before 1979. According to our best information, North Korea, various Eastern European nations and Libya are now Iran's major suppliers.

--We are concerned that if Iran maintains its freedom to pursue the war indefinitely, it could defeat Iraq. This would give fresh impetus to Iran's backward and destabilizing doctrines in the Muslim world.

--If you share our view that the war should be wound down as soon as possible, would you consider influencing your friends to stop supplying Iran with the military wherewithal to continue the war?

--The U.S. would be ready to meet with Soviet officials, at the appropriate level, to discuss further steps which both countries might take to favor an early end to the war without victor or vanquished.

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P:SJohnson
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S/P:MCreekmore; RSokolsky
NSC:HTeicher (substance)
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BRIEFING PAPER

TERRORISM

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OVERVIEW

- o Terrorism a growing and international problem, respects no borders, no citizenship - some twenty countries' citizens were aboard the Achille Lauro. Soviet, British, French citizens have been kidnapped in Lebanon. Over 600 incidents last year, up 20% from previous five year average. About 570 incidents in first 9 months of this year--150 more than in same period last year. Citizens of more than 75 nations have been victims of terrorism so far this year.
- o 40% of terrorist incidents occur in Western Europe (about one quarter of these are Mideast related); 35% in the Mideast; 15% in Latin America and 10% elsewhere.
- o Terrorists increasingly use tactics designed to kill and wound the victims. In 1984, eleven Americans died and 31 were wounded in terrorist attacks. To date in 1985, sixteen U.S. citizens killed and 111 injured.
- o More than 90 potential terrorist incidents have been thwarted by good security, good intelligence and international cooperation in past 11 months.

II. U.S. POLICY

- o The US will continue to counter terrorism with all the means at our disposal, making no concessions and discouraging others from doing so.
- o Recent developments show there is a great need for better cooperation. Terrorists are criminals and they should not be released because other countries find it politically difficult to prosecute them.

III. ANTI-SOVIET TERRORISM

- o USSR not a major terrorist target; but has suffered since 1975 a total of 174 international terrorist incidents: kidnappings (6), bombings (89), armed attacks (51), arsons (20), assaults, hostage barricades, and skyjackings (1 each), other types of incidents (5). Soviet interests subject to terrorist or violent attacks in 39 foreign countries.
- o Most anti-Soviet incidents occurred in the U.S. - 33 since 1975, high year 1976 with 9 attacks. Attacks primarily by Cuban groups, Jewish Defense League or other Jewish groups. Most attacks failed or resulted in only minor property damage; in only one case, a 1979 bombing, was there even minor injury to Soviet citizens.

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- o September 30 Lebanon kidnapping is most recent of notable terrorist attacks against Soviet citizens or interests. We approached Syria and Lebanese factions, asking for release of all hostages, including the now released Soviets; and also asked the USSR to join US in multilateral action vis-a-vis Syria and Iran.

IV. SOVIET POLICY AND BASIS FOR COMMON ACTION

- o Neither we, nor our closest European allies, have hard evidence of a centralized Soviet control or planning mechanism for terrorist support; nor of a direct Soviet connection to terrorist groups. However, Soviets through Eastern European, Arab, and Latin American surrogates have deliberately supplied arms and training for terrorist groups, and anti-NATO attacks and attempts to destabilize European political institutions by leftwing terrorists clearly parallel Soviet interests.
- o USSR has publicly denounced terrorism, and has been ruthless to the point of ignoring the safety of innocent persons in dealing with terrorist attacks where it is able to project its forces or influence the policy of the authorities handling the incident. Where they have not been able to project forces or influence authorities on the scene, the Soviets have been more circumspect and flexible.
- o Ideologically and historically, the USSR has been uncomfortable with the instability generated by terrorism, and current trends are for an ever increasing proliferation of groups attacking ever widening targets. This is particularly true of Moslem terrorist groups, such as those which held Soviet hostages in Lebanon and those which attacked the Soviets in Syria, India, and South Yemen.
- o This trend suggests possible basis for opening a quiet dialogue with the USSR. Possible common ground might be in the less politically sensitive areas of cooperation to combat terrorism against civil aviation and hostage taking. A jointly sponsored U.N. resolution on hostage-taking is one possibility. The U.S. has been helpful in seeking to free East bloc hostages held by UNITA.
- o Secretary Shultz proposed to Shevardnadze the possibility of a coordinated demarche by the USSR, France, the U.K., and the U.S. to Syria and Iran to seek the release of remaining hostages being held in Lebanon.

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TALKING POINTS FOR THE PRESIDENT'S INITIAL MEETING WITH
**GENERAL SECRETARY GORBACHEV

GREETING

-- Pleasure to meet you. Heard a great deal about you. People say you are an active problem-solver. People say I am, too. Let's live up to our reputations and make some progress.

-- I've enough experience to know what these meetings can and cannot accomplish. We can't change the basic, competitive nature of our relationship. I'm not going to try to change your mind about your system; I don't think you intend to change mine. Let's agree to be constructive and practical.

-- Secretary Shultz and Foreign Minister Shevardnadze have been working hard and well to pinpoint areas where we can achieve results. We can conclude some solid agreements now. Our meeting can also be the basis of a productive dialogue between our governments in the future. We're ready.

DOMESTIC
AGENDA

-- Perhaps useful to begin by discussing our respective domestic agendas and their impact on our global postures and our bilateral relations.

-- We would prefer in a better international climate to devote more resources to building our country. We have made major economic strides since I became President, but we have plenty of room to improve. I'm trying to make our industry more efficient and competitive, introduce tax reforms, balance our budget, strengthen our education system and much more.

-- I believe that American initiative and enterprise can work wonders, but my plans are complicated by the need to maintain adequate defenses.

-- You may have similarly ambitious goals to benefit the Soviet people. Perhaps you too feel burdened by excessive military budgets. More constructive relations could free us both.

-- What would it take to improve our relations? I want to start by mentioning four major areas.

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ARMS CONTROL

-- Although our countries compete, we cannot resolve our differences through war. As I've said before: a nuclear war cannot be won and must never be fought. It appears from the discussions we had with Mr. Shevardnadze earlier this fall that you agree with this. The American and Soviet peoples surely do.

-- My goal remains the elimination of nuclear weapons. While we work toward that, we must ensure that both sides' military programs do not threaten peace. Each side must be confident that the other does not contemplate a successful surprise attack. For this reason we have been concerned by your strategic buildup in the past decade.

-- Our arms control proposals, including my proposals on strategic defense, aim at increasing stability and confidence. I want to consider with you ways in which defense on both sides can contribute to that confidence. I know you're sceptical--test me through exploratory discussions.

REGIONAL

-- Military competition is both a symptom, and a cause, of tensions between us. The breakup of our wartime alliance and many of our problems since have been the result of regional issues. The most dangerous moment of all came over Cuba. More recently, Soviet and Soviet allies' use of force in the Third World has harmed international relations.

-- We want to begin a process of resolving some of these disputes. My recent initiative provides a framework; it's flexible, meant to be used. There are elements in it of interest to both sides.

BILATERAL

-- The American and Soviet peoples hold some traits in common: we are patriotic, hospitable, and very curious about each another. We ought to develop people-to-people contacts. We would be enriched by them. Might help reduce mistrust and suspicion. We have put forward a number of concrete proposals. Hope we can conclude some agreements.

HUMAN RIGHTS

-- As you know, we are deeply concerned with human rights throughout the world. This is part of our tradition. We raise these issues with friends and allies, and we have raised them with you at every meeting. We are not telling you how to run your country; we do want you to live up to the commitments you freely undertook. Hope we can explore areas of possible progress. No other area will have as great an impact on atmosphere of our bilateral relations.

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SUGGESTED TALKING POINTS FOR THE PRESIDENT'S NOVEMBER 19
MORNING PLENARY SESSION WITH GENERAL SECRETARY GORBACHEV

GENERAL ARMS
CONTROL

-- Let me take a moment to outline my ideas on arms control. I believe we have an opportunity for immediate and real progress in the nuclear and space arms area.

-- My goal is a more stable world in which nuclear arms are radically reduced to comparable levels on both sides, the threat to each side's deterrent significantly diminished, and the prospects of verification enhanced.

STRATEGIC
OFFENSIVE
ARMS

-- On strategic nuclear arms, I have long advocated radical cuts in our nuclear arsenals. I was pleased that your recent arms counterproposal included radical reductions. Our most recent proposal attempts to bridge our respective positions.

-- Yet reductions must be applied to the proper categories of systems, they must lead to a more stable strategic situation, and any arms agreement must be adequately verifiable.

INF

-- Our goal has been and will continue to be the complete elimination of U.S. and Soviet longer-range INF missiles. In the interim, however, we are willing to cap our LRINF missile deployments as of the end of this year, if you agree to reductions to an equal level in your own LRINF launchers in range of NATO Europe and also agree to reduce those LRINF launchers located elsewhere.

DEFENSE AND
SPACE

-- You have expressed concerns in regard to our Strategic Defense Initiative and the ABM Treaty.

-- We are committed to conduct our SDI in full compliance with the ABM Treaty. We expect to receive similar assurances on your own strategic defense programs. We have proposed steps -- our open laboratory initiative -- to enhance confidence in this area.

VERIFICATION
AND
COMPLIANCE

-- Any arms agreement must include verification measures sufficient to assess compliance with all its provisions.

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-- We will continue to insist that you take the necessary steps to correct your actions which do not comply with existing agreements.

GENERAL REGIONAL
ISSUES

-- Regional disputes have provided the setting for some of the most serious crises in our relations since 1945.

-- That is why I proposed last year that we hold a series of discussions between our respective experts on regional disputes.

-- I am glad we have agreed to schedule them on a regular basis.

UNGA
INITIATIVE

-- Fundamental improvement in relations between our countries will require that we make progress in resolving those regional conflicts, Afghanistan, Ethiopia, Cambodia, Angola, and Nicaragua, which caused our relations to deteriorate in the 1970s.

-- Understand your constitution calls for you to support national liberation movements. While our sympathies are with those who fight for genuine self-determination, we are also prepared to find political, not military solutions.

-- We are prepared, if you are willing, to seek ways to help resolve conflicts through negotiation.

-- I proposed at the UNGA a process to promote reconciliation by beginning direct negotiations between the warring parties.

-- Once there was real progress in these negotiations the United States and Soviet Union could undertake talks to eliminate foreign military presence and reduce the flow of arms.

-- Finally, success in the initial two stages would allow the reintegration of these war-torn economies of into the world economy.

-- If we are unable to resolve these problems through direct negotiation and restraint, they will only become more difficult to resolve.

-- I believe the approach I have outlined could lead to results. I will have more to say about some of the specific conflicts when we meet tomorrow.

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TALKING POINTS FOR THE PRESIDENT'S NOVEMBER 19
AFTERNOON PLENARY SESSION WITH GENERAL SECRETARY GORBACHEV

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Arms Control

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NST
NEGOTIATIONS

-- Opportunity now exists for immediate and real progress in the nuclear and space arms area.

-- We have put forward a comprehensive new proposal designed to build on the positive elements in your counterproposal and bridge our two positions. It deals with all three areas under discussion in Geneva.

-- One of the most concrete results of this meeting could be our agreement on a new set of guidelines for our negotiators in Geneva.

-- You have our ideas for such guidelines. They would commit us both to intensify the negotiations with the objective of early progress wherever possible.

-- They would call for significant reductions applying the general principle of 50% reductions to equal limits in specific, comparable categories in a manner that enhances stability. This concept builds on your counterproposal. Must insist, however, that the reductions be applied to the proper categories of systems. Cannot accept that systems should be limited on our side while not being limited on the Soviet side.

-- Ready to reach agreement on U.S. and Soviet intermediate-range nuclear missiles of longer range, as an interim step toward their complete elimination. Our proposal would call for the right to equal global levels of LRINF missile warheads.

-- We propose that both sides conduct their strategic ballistic missile defense research programs as permitted by and in complete compliance with the ABM Treaty. We also propose to open laboratories and to inform one another about the progress our researchers are making in this field. Such steps would enhance mutual confidence in this area.

-- We must also conclude verification measures sufficient to verify compliance with all provisions of agreements. We must take steps to resolve current differences over compliance with existing arms control agreements.

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-- This framework agreement would provide direction for the future efforts of our negotiators in Geneva.

NPT STATEMENT

-- Have had useful discussions on nuclear non-proliferation. Pleased we have agreed to joint statement.

CHEMICAL WEAPONS

-- We believe a verifiable, worldwide CW ban is the way to deal with the CW problem. We hope you will negotiate on our draft treaty at the CD.

-- At the same time, practical steps on CW nonproliferation could be consistent with our foremost objective. We have noted your expressions of interest in this subject. Let us agree to hold bilateral experts discussions.

-- These discussions should -- as we have proposed -- focus initially on CW use in the Iran-Iraq war, and if those discussions were successful move on to a broader discussion.

-- We are concerned over Soviet use of CW in Afghanistan, and in supplying CW to its Vietnamese allies, as well as about massive Soviet CW capability, which you developed while we unilaterally refrained from CW production. This has required us to take compensatory steps -- planning production.

SALT II RESTRAINTS

-- I think we agree that mutual restraint in strategic weaponry can add stability and improve the atmosphere for making progress in the Geneva negotiations. We will continue to refrain from undercutting existing arms agreements to the extent you exercise comparable restraint and provided you actively pursue arms reduction agreements in the NST talks.

-- This would include the SALT II Treaty's provisions. We recently dismantled an existing Poseidon submarine in order to remain in compliance with commitments. But we will review future milestones on a case by case basis.

-- We insist, that you take necessary steps to correct your non-compliance activities.

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CDE

-- My Dublin offer on CDE stands. If we can agree on general-outline of an agreement consisting of genuine confidence and security building measures falling within the Madrid Mandate, excluding independent air and naval activities, combined with a reaffirmation of our non-use of force commitment, we should give our CDE delegations parallel instructions to commence drafting.

-- Hope informal exploratory phase which conference began just before end of last round will be fruitful in narrowing differences on specific content of confidence building measures we have proposed.

MBFR

-- We have studied your recent "Model" responding to our proposal of August 1984 and I believe a positive Western initiative will be forthcoming in the near future. Hope we can agree to make early progress in negotiations.

RISK
REDUCTION
CENTERS

-- We have a shared interest in reducing risks of armed conflict, especially risks resulting from accident, miscalculation or misunderstanding. Senators Nunn and Warner mentioned to you their ideas along this line. You indicated you would study their idea of risk reduction centers.

-- We are ready to explore this and other ideas, such as a high level dialogue on defense budgets or military exchanges. Suggest that we agree to hold experts meetings.

NAVAL VISITS

-- The incidents-at-Sea Agreement is an excellent mechanism for practical problem-solving. We're pleased that our representatives have recently held their annual review.

-- As Secretary Shultz told Foreign Minister Shevardnadze in Moscow, we are interested in exploring the idea of reciprocal ship visits that were first initiated at an INCSEA review.

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TALKING POINTS FOR YOUR WETE-A-TETE
WITH GORBACHEV ON HUMAN RIGHTS

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EFFECT ON
RELATIONS

-- I would like to take this opportunity to speak candidly with you on the subject of human rights. I realize you don't like this subject, but I want you to understand clearly its importance for our future relations.

-- Human rights is a consensus issue in the U.S. All Americans feel very strongly about it. Every single U.S. Senator wrote me asking that I raise human rights with you here. Sentiment is also strong in Western Europe as you must have noticed from your trips to Britain and France.

-- It is important for you to understand that unless some of our major human rights concerns are met it is going to be extremely difficult for us to move forward in certain areas of our relationship. Trade, in particular is affected. Sentiment in Congress is so strong that progress in other areas may also be affected.

-- The fact is that human rights deeply affects how far we can go in improving relations. What's more, this is a problem which will not go away until genuine progress is made.

-- But there is a way out of this dilemma, one which would diffuse human rights as a major factor in our relations and at low cost to yourselves. Indeed, you would reap substantial benefits. This is simply to meet some of our most pressing concerns on human rights. Let me outline them.

JEWISH
EMIGRATION

-- Along with arms control, Jewish emigration has become a barometer of the state of our relations. This issue is enormously important domestically in the U.S. A steady determined return to the level of emigration present in the late 1970's would remove one of the major impediments to improved relations.

-- We have expressed our willingness to set up a special channel to quietly explore steps we could take in areas of interest to you, such as trade, in return for progress on this issue. This offer remains open and I urge you to seize it.

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HUMANITARIAN
CASES

-- There are over 40 cases of separated spouses and U.S.-Soviet dual nationals who are being denied permission to leave your country. The only thing standing in the way of resolving most of these cases is political will on your side. I urge you to resolve them now. The positive impact would be significant.

-- I would then urge that we sit down to discuss ways of dealing with similar cases that may arise in the future, so that they do not become irritants in our relations.

SAKHAROV,
SHCHARANSKIY,
ETC.

-- We welcome your decision to allow Yelena Bonner to travel to the West for medical treatment and to permit the Sakharov's to talk by phone to their U.S. relatives. We have said so publicly.

-- But we would like to see you allow Sakharov to return to a normal life. Further movement here, and in some other cases, such as that of Shcharanskiy and Orlov, would deflect criticism that the recent Sakharov move is merely an isolated gesture.

CONCLUSION

-- These then are our most pressing human rights concerns. I am sure they do not surprise you. In the interest of really being able to move forward in relations, I urge you to satisfy them. We are not asking you to compromise your laws or your principles, but we need results.

-- The atmospherics of our relationship would improve dramatically if we saw results and it would make it much easier to move forward in other areas. Certainly, it would remove most Congressional and domestic opposition to improving relations across the board. Such a state of affairs is surely in both our interests.

-- (If Gorbachev criticizes U.S. performance on unemployment, etc. by way of rebuttal): We have noticed that you like to raise these issues when your own human rights record is criticized. We are certainly willing to engage you in public or private debate on social and economic issues.

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President's Regional Initiative
Afghanistan
Middle East/Persian Gulf
Iran-Iraq War
East Asia
Central America
Southern Africa
Europe: US-Soviet Issues in Germany
Terrorism

Human Rights
North Pacific Air Safety/Civil Aviation
Economic Relations
Exchange of Consulates - Kiev and New York
General Exchanges Agreement
Maritime Boundary
New Exchanges Initiatives
Soviet Fusion Proposal
Science and Technology Exchanges

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DEPARTMENT OF STATE

BRIEFING PAPER

IRAN-IRAQ WAR

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I. STATUS OF THE WAR/IRAQ'S KHARG ISLAND DRIVE

- o Iraq seeks to end the war, but Khomeini remains determined to pursue it. Land war remains a stalemate: Iraq predominates in armor, artillery and air; Revolutionary Iran ahead in manpower and motivation, and could have strategic edge if war continues indefinitely.
- o Oil revenues are critical to Iran for both domestic economy and war effort. Iraqi bombing of Kharg Island oil export terminal began August 15.
- o Although Kharg damaged, Iranian rebuilding has been effective while some Iraqi bombing continues. Present Iranian export rate about normal: 1.5 mmbd, although fresh Iraqi bombing success remains possible.

II. REGIONAL REACTION

- o Gulf Arab states are anxious about Iranian military or terrorist retaliation against them. We do not believe Iran, with air and naval resources eroded, could sustain an air war across the Gulf, nor close Gulf to shipping in face of international military opposition.
- o Arab League Committee on Gulf War has asked U.S. to put war on Geneva agenda, and proposed a joint US-USSR initiative in the Security Council.

III. U.S. POSITION AND LACK OF SOVIET RESPONSE

- o We support all efforts to end war with sovereignty and territorial integrity of both sides intact. No U.S. weapons sales to either side; we urge others to withhold arms from Iran as intransigent party.
- o You have said publicly we will not permit blockage of Gulf oil flow. We have told Gulf leaders we are concerned by heightened Gulf tension, but would need public call and appropriate facilities from them to intervene.
- o SecState Shultz discussed war in late October with Shevardnadze, who was noncommittal. US would like to take up war in Geneva talks as an issue on which Soviet stated position and our own are similar. Our ultimate goal is withholding of Soviet and bloc arms from Iran to force Iran to table. US-Soviet joint action in Security Council not now advisable.

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DATE AND TIME: Sunday, November 11, 1973
3:15 p.m. - 7:00 p.m.

PLACE: Great Hall of the People, Peking
Peoples Republic of China

(After the press took pictures and there was light banter, the journalists and photographers left the room. There was then preliminary conversation in informal plenary session, from 3:15 -3:25 p.m., highlights of which follow.)

Prime Minister Chou: Dr. Kissinger suggested that we separate into two groups to speed up the work. I also agree.

Secretary Kissinger: I thought, Mr. Prime Minister, that we might have one group dealing with the essential political-international problems and the other group on some of the technical issues.

Prime Minister Chou: I agree to the two groups. Perhaps we can divide ourselves now. Who will be in the other?

Secretary Kissinger: Hummel will be in charge of the technical side and with me will be Ambassador Bruce, Ingersoll, McCloskey, Noldridge and Lord. We may change later.

Prime Minister Chou: Who will be with the other group?

Secretary Kissinger: Hummel, Armstrong, Jenkins and Solomon.

Prime Minister Chou: Mr. Solomon -- is this Solomon the same one as the Indians?

Secretary Kissinger: I thought they had Moynihan.

Prime Minister Chou: It is a different case; and one of them is Solomon. Is he the same Solomon as the bib

Secretary Kissinger: I have seen no evidence of that. He is very shy so he may not show it.

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Prime Minister Chou:

I thought he was interested in Confucius. If you are interested, I am also. I also have the interest to discuss it with you because we began our revolutionary activities by struggling to overthrow the school of Confucius during the reform movement.

They will go to the other hall. We will stay here. Shall we separate now? (The groups for the technical meeting left the room.)

You must be familiar with this hall by now.

Secretary Kissinger:

Yes. What is the name of this hall?

Prime Minister Chou:

Just a reception hall. It does not have the name of any province.

Secretary Kissinger:

You met here with the President.

Prime Minister Chou:

The first time when we met with the President it was in this hall and Mr. Ziegler was making the announcement in the press outside.

Secretary Kissinger:

Yes, about the (Mao) meeting. They were speculating about the great difficulties because the meeting started late.

Prime Minister Chou:

But, of course, after the news got out, there were other ideas. Perhaps that is why there was a similar practice in Moscow.

Secretary Kissinger:

The first meeting?

Prime Minister Chou:

But that time your name did not appear, but I could determine that you must have been there.

Secretary Kissinger:

You were right. That was the first evening of my arrival. He does everything openly, but it takes me a week to find out all of the implications of what he has said.

Prime Minister Chou:

Ambassador Ingersoll, do you smoke?

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Ambassador Ingersoll: No, my wife takes care of that. I have never done well with smoking.

Minister Chou: First of all, we would like to express our welcome to our old friend who is now concurrently Secretary of State, and because of this dual capacity, we suppose we should express a dual welcome to you. But if you see Mr. Rogers, please also convey our regards to him.

Secretary Kissinger: I shall do that. Mr. Prime Minister, my colleagues and I always appreciate the opportunity to come here. I think that our two peoples and our two governments have established a very unique relationship which is founded on principle and in which we understand each other's over-all approach in an unusual and complete manner. We have agreed that we were brought together by mutual necessity, but since then we have built on this foundation on a basis of candor and honesty, and a long-range view. There is no leader with whom we speak as comprehensively as with the Prime Minister. It is due to the fact that there are not many leaders in the world who can think in so complicated a fashion.

Minister Chou: You have overestimated me, and I think the credit should go to Chairman Mao. And as his comrade in arms, I have not learned enough. I agree to what you said just now, that we have built on the basis of our initial relations, based on a principled manner and in a candid and honest way taking the long view. And in view of such amelioration of attitudes we can discuss anything.

Secretary Kissinger: I don't know how the Prime Minister would propose we should proceed in our discussion.

Minister Chou: Yesterday we said that we would like to hear you first, and if you want to begin with an over-all picture or main issues, it is up to you.

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Secretary Kissinger: Mr. Prime Minister, why don't I begin with a general review of the situation as we see it.

(There was then a brief, humorous discussion of the stonotype machine of Mrs. Hill. During this discussion there was reference by the Prime Minister to future visits by Secretary Kissinger to China. He assumed two trips a year.)

Secretary Kissinger: Mr. Prime Minister I will not go into the bilateral relations. That will be discussed by the other group. If they have any difficulties, I may take the liberty of raising them with you. There is only one issue which is on my list and sometime while I am here we should settle it. We understand your point of view. It has to do with the Marine detachment, but we can reserve that for another occasion. It goes without saying that we will abide by your wishes, and our only concern is the impact in other countries where it has been our custom.

The primary thing I would say about our bilateral relations, leaving aside that one issue, is that we believe they are going well, and secondly, they have both a substantive and a symbolic aspect. The substantive issues will be discussed in the other group. The symbolic aspect is that our relationship continues to grow closer and beyond the technical side. We are prepared on our side to consider all means by which we can emphasize this symbolic aspect which we believe is very important.

Turning now to our political relationships we recognize that the greatest difficulties we have had in our relationship has concerned the question of Taiwan. I would like to summarize again the understanding which we believe exists. We will conform strictly to the Shanghai Communique which affirms there is only one China and this is respected on both sides of the Formosa Straits.

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... sentence.

ster Chou: That is...

Kissinger: ... we talked about the

ster Chou: But in Taiwan the second point is that

Kissinger: That ... independence move-
we will ...
ment of ... going to bed I read

ster Chou: And the ... that we received
an ... the Taiwan
saying ... I did not quite
independ-
believe ...

Kissinger: That ... but if you should
have ... that any of our people are
doing ... appreciate it if you can.
inform ... be totally unauthorized
I don't ... correct.

ster Chou: If the ... to be reliable, we
would ... in the first instan-
it is ... we then would not
notify ... and even think of telling
the Chai ... that piece of information
It would ... waste of time.

Kissinger: Mr. Pri- ... our firm policy is to
oppose ... policy. We have talked
about ... various visits and we will
strictly ...

ster Chou: And we ... news from the United
States ... wanted to add two consu-
lates -- ... Consulates General in

ter: I was go- ... into this. I am familiar
with one ... they are planning to set
up for the ... may move in the
direction of diplomatic ... exchange of diplomatic
relations and Washington, and
it is in ... point of contact in the
United S ... contingency of the

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evolution of our policy. It is not intended as an expansion of their representation but as a contingency plan for their position they recognize as coming in the future. I do not know about a second one. I know about a Consulate General in New York. The basic direction which we established in July 1971 is one on which you can count on, and we will not engage in little maneuvers within that context, much less outside it.

Prime Minister Chou: Perhaps the Chaing Kai-shek side put that forward.

Secretary Kissinger: That may be, but it is a reflection of the reduction of their position in the United States, not an attempt to increase it.

We have also understood that we would not support any attempt by third countries to move into Taiwan.

Prime Minister Chou: And this has something to do with both our sides.

Secretary Kissinger: Fourthly, the United States will support any peaceful resolution of the problem.

And finally, we would discourage any military moves from Taiwan against the Mainland. In the context of the Shanghai Communiqué and our understandings we have kept you informed about the nature of our military establishments on Taiwan. We are in the process of carrying out the military movements which I informed you of in February -- the withdrawal of the transportation squadrons from Taiwan.

In the same spirit, I would like to inform you of our plans for next year. During 1974 we shall remove the two squadrons of Phantom planes that are now on Taiwan -- one squadron in each half of the year. One-half in the first half and the second squadron in the second half. [We will remove the U-2 planes from Taiwan. And we will remove the nuclear weapons which are in Taiwan.] This will...

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reduce our presence on Taiwan to communications and logistics. We will keep you informed of the further reductions which will take place after that.

It is also our intention, which we have mentioned to you and which the President reconfirmed to you, to complete the full normalization of the relations between China and the United States during this term of office, before the middle of 1976. We are prepared at any point to intensify the existing relationship or to establish full diplomatic relations, but we have the difficulty of how to handle the relationship with Taiwan in the interim period. But we will be prepared to listen to any proposal that you might have in this connection and make every attempt to meet it. If at any point the Chinese thought the formulation of the Shanghai Communique or an adaptation would provide ~~some way to have diplomatic relations we would be prepared to proceed~~ on that basis.

In the meantime, we need to be prepared to expand the status of the Liaison Offices so that they become more and more similar to full diplomatic recognition. I think it is obvious that your Ambassador in Washington today enjoys a more direct access to our top officials than any other Ambassador in Washington, certainly, more than the representative of Taiwan. We would be prepared to establish trade offices and other institutional links that you might consider appropriate. I wanted to emphasize that the course which we have established will be strictly maintained. Now perhaps I should turn to other matters, Mr. Prime Minister, unless you wish to discuss these issues further.

Prime Minister Chou: I will dwell on them later. I will dwell on the other aspects of this issue later. There is only one question I would like to

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ask. We hear you intend to assist Taiwan in building an airplane assembly factory, and we would like to know what form it would take -- rented, leased, a gift, sold on credit or...

Secretary Kissinger: You asked me that...

Prime Minister Chou: Of course, there is no question the material would come from you, the United States.

Secretary Kissinger: You asked me that the last time, and in fact we have the details with us and I will answer you. I will answer you tomorrow. I will do it at the beginning of our discussion tomorrow. I don't have them here with me. I may say now, Mr. Prime Minister it is for an airplane of short range. It cannot reach the Mainland. It is a defensive airplane, and a means of avoiding our having to sell longer range airplanes to Taiwan and to separate its military procurement to a greater degree from direct American sales. We have, as you know, Mr. Prime Minister, a rather delicate process of disengagement to conduct -- in which the Chinese side has shown great patience and wisdom if I may say -- but we understand the outcome that our current policy will have.

Now turning to other international problems. Let me speak first of our relations with the Soviet Union. There are many detailed issues which I am prepared to discuss, having to do with specific negotiations. I think the basic point to understand, Mr. Prime Minister, is that I believe analytically that the Soviet Union and we are pursuing almost identical policies toward each other and it remains to be seen whose judgment is better. The Soviet Union is pursuing a policy of relaxation of tensions with the West for a variety of reasons. One of the reasons undoubtedly is the Soviet conviction that if they can create the appearance of detente, the unity of the West will disintegrate and the defense of the West will weaken.

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I have no quarrel with many of the comments that we have received from the Chinese side privately, and many of the analyses from the Chinese side that we have seen publicly about the problem of the direction of Soviet policy. I stated our position vis-a-vis the Soviet Union in a speech before a conference and in my press conference a few weeks ago. I don't know whether the Prime Minister has seen those. I stated then we would resist any aggressive tendencies directed outward. I said we would not permit detente to be used to undermine or weaken our relationships with our friends. And thirdly, that we would resist any attempts by the Soviet Union to use international trouble spots to expand its positions.

While these are our principles, we have a complex tactical problem about how to apply them. One of the problems is that while many of our commentators in America are very heroic in intervening in domestic affairs of other countries they are very unwilling to face the consequences of what these policies would involve. We believe that it is important for us to demonstrate that we have made a major effort to preserve the peace in order to be in a position to resist when aggressive action occurs. [When aggressive action occurs, we will act decisively, and if necessary brutally, but we require the prior demonstration that we have been provoked. And I think we have proved this in our handling of the Middle East crisis.]

I have read with great care your Vice Minister's criticisms of the Treaty for the Prevention of Nuclear War, and, of course, I have had the benefit of direct communications with the Prime Minister. I do not quarrel with the specific points made by either the Prime Minister or the Vice Minister in terms of Soviet intentions. And it does not affect...

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Prime Minister Chou: Why are there so many differing opinions inside your country concerning your President's action in the Middle East?

Secretary Kissinger: In the Middle East?

Prime Minister Chou: That is, your alert. We are in favor of it.

Secretary Kissinger: I have always believed, Mr. Prime Minister, that the people who understand our foreign policy best are in Peking.

Prime Minister Chou: Thank you for your just and fair words. Put that in the record.

Secretary Kissinger: This record never leaves my office. There are several reasons for this. Actually we have not had many domestic difficulties about this alert. It was relatively minor. In fact, after I testified before the Senate Foreign Relations Committee, a group which does not generally support the Administration, Senator Symington, who almost always is critical of the Administration, went on TV and fully supported the alert; and so did Senator Fulbright.

Prime Minister Chou: I read about that.

Secretary Kissinger: This alert happened in the week in which public excitement about the Watergate problem was very high and some of the critics of the Administration merged those two issues. You have in America now in any event, Mr. Prime Minister, a combination of various forces that produce a rather contradictory pattern in the public discussion of foreign policy -- not in the conduct of it. You have a combination of the intellectuals, who dislike the President for other reasons, with the old professional anti-communists of the right, so that, for the first time, some of these right wing groups are being given intellectual respectability. Basically, the alert had very wide public support and there was a public poll which showed that by about two to one the American people favored it.

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But the reason, Mr. Prime Minister, we can maintain support for our foreign policy is partly because of its record and partly because of its record and partly because of our using this strategy of forcing the Soviet Union into a posture of provocation. Sometimes our judgment may be wrong, but our strategy is clear. We have explained that treaty to you. Our judgment was that it was better to deprive it of the significance that the Soviet Union wanted to give it and to remove it as an issue from a public debate and from international quorums, than to have an endless debate in which public opinion would suffer more damage than it did from the treaty as in fact it was written.

I must point out, Mr. Prime Minister, that this session is a culture shock to my colleagues on the right, except for Ambassador Bruce, who have not been acquainted in the past with our method of talking with one another. In traditional diplomacy, we express ourselves more carefully.

But the primary thing we have accomplished in the Treaty is to link all its obligations but also third countries and to link conventional war to nuclear war in such a way that it is impossible to resort to conventional war without (sic) negating any obligations with respect to nuclear war and finally to make it impossible to resort to any war without prior consultation. And therefore, we have been given for the first time a legal basis to resist in areas where we have no formal obligation.

Therefore, on the night that we went on alert we received a message, as I told you, from General Secretary Brezhnev in which he demanded that we join a Soviet-American expedition force to the Middle East and, failing that they would then move unilaterally. They were demanding an immediate reply. We first of all did not reply but went on alert and replied only after we had been on alert

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for several hours. And then we told the Soviet Union that a unilateral Soviet move would violate Article 2 of the Treaty for the Prevention of Nuclear War and would be resisted accordingly.

Prime Minister Chou: We were clear about that. But the Soviet Union can evade that and engage in expansionism in other forms.

Secretary Kissinger: There is no question that legal obligations prevent Soviet expansionism. Our problem is how to get into a position to resist, and the strategy we are following is to try to create as many legal obstacles as possible and, failing that, to use those legal obstacles as American obligations, especially in those areas where we have no formal obligation and therefore would have difficulties domesticating.

The Prime Minister might note that I said publicly, in explaining the treaty, that operations such as in Czechoslovakia, or massive movement of arms across the frontier would be in violation of that treaty and would be so treated by the United States.

Prime Minister Chou: Did you note that your alert also arose dissatisfaction on the part of your Western Alliance? They said you had not told them beforehand.

Secretary Kissinger: Mr. Prime Minister, I was going to talk about our Western Alliance. Our Western allies are distressed when we engage in activities as we did and are dissatisfied when we go on alert and dissatisfied when we conduct a disagreeable policy and dissatisfied when we conduct a half policy. It seems to be our destiny that they are doomed to be dissatisfied. I will give my explanations later.

Prime Minister Chou: Are they also dissatisfied with your journey to the Arab countries? Of course, the Soviet Union would be dissatisfied.

Secretary Kissinger: As a matter of fact, Mr. Prime Minister...

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Prime Minister Chou: We appreciate that.

Secretary Kissinger: One has to analyze what is meant by dissatisfaction. [If you want to play for high stake with very little risk, then you are likely to be in a continued state of dissatisfaction. The secret dreams of our Western Allies in the Middle East is to restore their position of 1940 without any risk or effort on their part and therefore, to the extent that we are more active, there is a vague feeling of jealousy and uneasiness.

I think, Mr. Prime Minister, the nature of the European so-called dissatisfaction has to be understood. You have met many of the European leaders and you will have your own judgment as to their vision and ability to see matters comprehensively. [But each of them faces the problem that for domestic reasons he has to say one thing while deep down he understands that what we are doing is essentially correct. Therefore, they very often, particularly after the event is already over, take a public position which is at variance of their understanding of the real situation.]

On the question of the alert, we received the letter from Brezhnev threatening unilateral action at 10:00 at night, which is 3:00 in Europe. He demanded an immediate reply. The letter was supported by intelligence, which I believe we gave to your Ambassador, that the Soviet Union had alerted seven of eight of its airborne divisions. I think I gave your Ambassador that. Under those circumstances we had no time to consult

Secondly, speaking very frankly with you, Mr. Prime Minister, there is no point in consulting if there is only one thing you can do. If the European countries had not agreed with us, we still would have had to go on alert. Therefore, we had to proceed unilaterally, and I must say that in situations where we believe that the over-all

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equilibrium will be disturbed we will continue to behave in this manner if there is no time.

With respect also to the occasional criticism of our Soviet policy by our European allies, this has to be weighted against their equally strong criticism in the previous period. I think it is healthier for them to be worried about how far we might go and to have them in a position where they will try to make great efforts in their own defense, than to have them pursue the policies which occurred while Ambassador Bruce was in London when they were constantly pushing us to be less intransigent to the Soviet Union and were constantly approaching us with ideas on how to bring about detente. If there is to be detente, we had rather manage it than have the Europeans do so.

But, if the Prime Minister wishes, I will be prepared to have a longer session on our relations with the Western Europeans. Despite the surface phenomena, I believe our relations are going along in a good direction. I am also prepared during this visit to go over with the Prime Minister the specific negotiations now going on with the Soviet Union, but I don't want to take all the time this afternoon.

Let me make a few comments now about the Middle East and about Southeast Asia, and perhaps we can leave all the other topics for later discussion.

Prime Minister Chou: All right.

Secretary Kissinger: You will remember that I saw your Ambassador the night the Middle East war started, and I explained to him what our basic strategy would be. I told him that for this period we were not interested in the merits of the dispute between the Arabs and Israelis, but

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we were primarily interested in preventing a situation in which the Soviet Union would achieve its predominance in the Middle East. We believed that a Soviet victory in the Middle East like 1971 in the Indian subcontinent would have disastrous consequences not only there but elsewhere, and would encourage adventurism on a global scale.

You will see many tactical moves over the next month, and while I am here, I think we should have an opportunity to have a full discussion of the Middle East so you will understand specifically what we will do; but for this purpose, you should understand our basic strategy is to convince the Arabs that they can get weapons from the Soviet Union but a political settlement only from the United States. And therefore, we will always resist proposals that come to us from the Arabs through the Soviet Union. We are not asking for Chinese support on the specter of the negotiations because the Chinese position is well known. We do think, however, that this basic strategy is in the common interest of both of our countries. We have no interest in a predominant position in the Middle East. That is not achievable, nor is it desirable. We are interested in keeping any other country from having a predominant position.

In this negotiation which we are now beginning, one of the big problems is that the Arab leaders are very active as individuals but are somehow given to excessive romanticism and to great impatience. We have, Mr. Prime Minister, a complex domestic situation with respect to the Arab/Israeli dispute. It cannot be an accident that the United States should become so heavily committed to a nation of two and one-half million at a distance of 6,000 miles which has no strategic or economic importance to the United States. These factors cannot be changed from one day to the next, any more than some of the factors in our relationship can be changed from one day to the next.

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Prime Minister Chou: But perhaps Dr. Kissinger being the Secretary of State would be in a better position to change this situation. Perhaps...

Secretary Kissinger: Quite true.

Prime Minister Chou: Perhaps you would have more effect in remedying this situation.

Secretary Kissinger: Quite correct, but it has to be carefully organized. It would be a great mistake to fight the battle prematurely before we are organized and on minor issues. And I can tell the Prime Minister that we are as determined to bring about a just settlement in the Middle East as we were two years ago to improve our relationship with the People Republic of China. But we are dealing with

Prime Minister Chou: But it will be considerably more difficult to obtain that.

Secretary Kissinger: It will be very difficult.

Prime Minister Chou: Madame Golda Meir styles herself a socialist.

Secretary Kissinger: My secret dream is to involve Madame Meir in negotiations with President Thieu.

Prime Minister Chou: They will have to go to London where they will meet their socialist friends.

Secretary Kissinger: She is in London now.

Prime Minister Chou: That is what I was saying. There are all kinds of socialists now.

Secretary Kissinger: It will be very difficult. It will be difficult with Israel and it will be difficult with the Arabs.

Prime Minister Chou: The passing of a United Nation's resolution we were reading your Newsweek magazine.

Secretary Kissinger: That is the international edition. I have not seen it. In the domestic issue there was a different cover.

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Prime Minister Chou: You can also see from your expressions that it was extremely difficult.

Secretary Kissinger: If Mrs. Meir only gets ninety-eight percent of what she asks for she considers herself betrayed.

Prime Minister Chou: With regard to the resolution about Israel passed in the United Nations in 1947, the historical routes would go back to the Balfour Declaration. At that time you had heavy domestic pressure. Also there are Soviet intentions. Do you agree with that?

Secretary Kissinger: I agree that in 1947, when Israel was formed the Soviet supported it because it wanted to create difficulties in the Middle East. No question about that. Nevertheless, while the United States is now supporting a peace settlement which will bring about an Israeli withdrawal from occupied territory, we are for the existence of Israel. We will defend the existence of Israel.

Prime Minister Chou: Does Mrs. Meir understand that if she continues in such an absurd manner that that will increase the possibilities of Soviet troops entering into the Middle East?

Secretary Kissinger: The Israelis are going through a traumatic experience at this moment because they had assumed they could remain militarily supreme for a long time. Even though they won the battles in this war, they have lost their supremacy. So they need a little time to adjust to a totally new reality for them. I don't know whether the Prime Minister agrees the most important aspect of the ceasefire that was achieved last week when I was in Cairo was not the specific terms -- they are important -- [but that it was negotiated between Egypt and the United States without the Soviet Union.]

Prime Minister Chou: [I had thought of toasting you on that last night, but I was afraid the correspondents would hear us.]

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Secretary Kissinger: Yes.

Prime Minister Chou: We also talked to the Egyptians.

Secretary Kissinger: I was going to say, to the extent...

Prime Minister Chou: They said you would not do it because you are of Jewish descent. We said you would also look at the problem from the point of view that everything divides into two. There are also good Jewish persons and Karl Marx, whom we believe in, was also Jewish. Perhaps what we said had some effect on him.

Secretary Kissinger: It is very possible. To the extent, Mr. Prime Minister, that you can continue to do this, because there will be difficult periods in which we will not be able to move as fast as they want, but they can be sure we will move in the direction we have discussed here and that we have told them, and to the extent that you feel you could talk to them it would be very helpful to our common approach.

I think I have already talked too long. On Southeast Asia there are two problems.

Prime Minister Chou: Have you finished with your Middle East issues?

Secretary Kissinger: On the Middle East, I thought we should have another discussion of the detailed tactics in the future. Let me make one point. These negotiations will start soon -- we think in December -- and there is no possibility of excluding the Soviet Union from the formal discussion. We have discussed with the Egyptians and with the Jordanians that the formal meetings should be conducted as the Paris Peace Conference on Vietnam, which is to say with only a repetition of formal positions as Ambassador Bruce knows only too well. The real negotiations will take place separately between the Egyptian Foreign Minister, who has been especially designated for this task, and myself and the Israelis. But separately.

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Prime Minister Chou: We noticed that. Would that have an adverse effect on Syria?

Secretary Kissinger: I was going to say to the Prime Minister that we invited the Deputy Foreign Minister to visit me in Washington. And we have now sent a message to the Syrian Government through the Shah, and also through King Faisal who is paying for their reconstruction, that we would be prepared to talk to them at a higher level, and I am planning to visit Damascus in early December. They have indicated that they wanted to see me.

Prime Minister Chou: What about the knot in Iraq?

Secretary Kissinger: We have to prevent Iraq from dominating Syria.

Prime Minister Chou: But to put it another way, the Soviet Union is trying to dominate Iraq.

Secretary Kissinger: The Soviet Union is trying to dominate Iraq and have one front in the Mediterranean and another in the Persian Gulf. That is why our strategy is -- first of all I wanted to say Mr. Prime Minister, we are pursuing, in that region from Iran to the Mediterranean the policy that we discussed with Chairman Mao when I was here last time. Our present policy is to keep as much pressure on the Government of Iraq as we can through Iran and other sources so that it is absorbed as much as possible in its domestic difficulties rather than with others. And as you know, they have a very significant problem with the Kurdish population. They were quiet during the Arab-Israeli war because it was not desirable to have all Arabs concentrate on the problems of the Kurds. But we will now make an attempt to establish the same relationship with Syria that we have established with Egypt, and to negotiate with Syria the Syria-Israeli settlement the same as the Egyptian settlement.

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Prime Minister Chou: Anyhow the Soviet Union will not let loose of Iraq.

Secretary Kissinger: No. Unless Iraq throws them out as Egypt did.

Prime Minister Chou: That will take a period of time.

Secretary Kissinger: That is why we have to...

Prime Minister Chou: You perhaps will also know that even the Shah of Iran could not help from sort of dealing with the Soviet Union in that he also had to agree to consider the Soviet proposal of a collective security system. Of course, we knew that it was only a tactic to put the Soviet Union off, but he could not help saying that.

Secretary Kissinger: He misunderstood its significance also.

Prime Minister Chou: But ~~the~~ Shah does not seem very confused.

Secretary Kissinger: No. He is very good. One of the outstanding leaders.

Prime Minister Chou: He is in his middle age.

Secretary Kissinger: He is 54.

Prime Minister Chou: A little older than you.

Secretary Kissinger: A little. He understands the situation very well, and he will not make mistakes in practice. His was the only country that was bordering the Soviet Union that did not permit the overflight of Soviet planes during this crisis, and when one of his ministers permitted eight planes to fly over he fired him. It took great courage.

Until Iraq becomes disinvolved from the Soviet Union, we have to keep them isolated and from gaining success through its action with the Soviet Union. We will see what can be achieved in the discussions with

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the Syrians in December. We have talked to Jordan and that is not a problem for us, and we have also established a preliminary contact with the Palestinians. Our basic strategy is to set up a formal conference which will have some UN blessing and some Soviet participation, and a series of bilateral negotiations in which we will attempt to be the intermediary together with whatever help we can get, but without the help of the Soviet Union.

Prime Minister Chou: Have the Palestinians agreed to participate?

Secretary Kissinger: In the conference? Yes. We will do it in two stages, Mr. Prime Minister. The initial phase of the conference will deal with disengagement of military forces and that does not involve the Palestinians. And since the Palestinians present a major problem for the Jordanians and Israel, we thought it best... and since some success should be achieved rapidly, we thought in the first conference there should be only Syria, Egypt, Israel and Jordan dealing with military disengagement. And when the frontiers issue arises, the Palestinians should participate; and they have agreed and so has the King of Jordan. None of this is generally known, Mr. Prime Minister, and I have not discussed this, obviously, with the Soviets at all. But Egypt has agreed to this procedure. And I think it will work.

Prime Minister Chou: Because in the 1947 resolution the issue of Palestine was not solved. For instance, they have their military forces in Syria and other areas. Is it not possible for the Palestinians to participate in the military aspects also?

Secretary Kissinger: They will participate in the military aspect of disengagement after the first phase of the disengagement of forces that are now in contact. The immediate problem is to get some movement. If the negotiation immediately gets bogged down in procedural details, we

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will be back to 1967 in which the new line develops a sanctity of its own and the Israelis on the West Bank...the probabilities for a new outbreak will be overwhelming. We thought we should get a negotiation in the first instance where we are not talking about forces now in contact with each other, that involves only those countries that have forces involved in contact.

Prime Minister Chou: I understand.

Secretary Kissinger: We expect that this first phase will be a matter of a few months. But in the meantime we will continue to talk to the Palestinians. We think it is important that this phase of talks, in which we are involved separately, be kept secret as long as possible because not every country has an interest in having it succeed.

Maybe I should say a word about Southeast Asia. In Southeast Asia we have two problems. One is the problem of maintaining the ceasefire in Vietnam. And the second is the problem of Cambodia. We believe that the resumption of large military operations in Vietnam would be extremely undesirable and have the potentiality of major involvement of our two countries. We would like to normalize our relations.

As far as Cambodia is concerned, I leave it up to the Prime Minister whether he wishes to have a more extended discussion. I simply want to say we are not, in principle, opposed to Sihanouk. In many of his private statements and public statements, he seems to be under the misapprehension that the United States Government is, in principle, opposed to him. That is absolutely incorrect. If he could return to Cambodia in a position of real independence for himself, we would be very interested in him as a leader. We are not interested in him if he is a captive of one particular faction that is simply using him for a very brief period of time in order to gain international recognition.

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Prime Minister Chou: Have you taken note of the recent actions of the Soviet Union?

Secretary Kissinger: Yes. With respect to Sihanouk?

Prime Minister Chou: Perhaps Ambassador Bruce is more familiar.

Secretary Kissinger: I am familiar with it. I have taken note of it. Our interest in Cambodia, insofar as we have interest, is to keep it out of great power confrontation, and we are interested in a truly independent, neutral Cambodia. We want no position for the United States in Cambodia. And we are not committed to any particular group of individuals in Cambodia. I leave it up to the Prime Minister whether this is a subject that he wants to pursue at a later meeting.

Prime Minister Chou: We will have to consider this for a while before we can raise our opinions. I would like to ask now why it is that the two South Vietnamese sides have shown no progress in their Paris meetings on the political aspect

Secretary Kissinger: I think the same qualities that make the Vietnamese a heroic people make them politically an extremely uncompromising people; and they sometimes combine, at least the ones I know, the worst aspects of Confucianism and the French Lycee. For example, when I negotiated this additional communique in June which will be my last one -- I will never again negotiate with them -- we had everything settled, when both parties conceived a new theory of international law: the order of obligations in which they appear in paragraph determines the order in which they have to be performed. Each side attempted to push the obligations of the others into the beginning of the document and its own obligations to the end so its opponent would have to perform first. We spent nearly a week on the problem, although no treaty could ever be written if this became an accepted practice.

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Prime Minister Chou: The protocol you mean?

Secretary Kissinger: Yes. The protocol in June. Eventually, the objective situation in Vietnam will change for both sides, and then there will be real negotiating possibilities.

Prime Minister Chou: If we go into Cambodia, we will have to link it to the whole of Indochina, and if we are going to discuss it, we can do that later.

Secretary Kissinger: It is up to you, Mr. Prime Minister, and I will be prepared to do it. I will be prepared to discuss the whole of Indochina.

Prime Minister Chou: Of course, compared to the overall international situation, this is but a very small corner now, although it had troubled you for more than four and one-half years since your President came into office.

Secretary Kissinger: That is correct.

Prime Minister Chou: But from the point of view of the overall international strategy, you have taken too much time on that small issue.

Secretary Kissinger: That is true, too.

Prime Minister Chou: And you also said you no longer wished to continue Vietnam negotiations.

Secretary Kissinger: There was one moment, Mr. Prime Minister -- the Vietnamese specialize in creating deadlocks on irrelevant issues. There was a dispute over who should sign the document, the protocol. We made a proposal, the South Vietnamese made a proposal, and the North Vietnamese made a proposal. We then offered a compromise which accepted the North Vietnamese position, whereupon the South Vietnamese rejected it and moved to our original position, and the North Vietnamese moved to the original position of the South Vietnamese. At that point we had the North Vietnamese position, and the North Vietnamese had the South Vietnamese position. After three days of negotiations.

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Prime Minister Chou:

But you cannot blame them for this because it was the precedent established by your esteemed Secretary of State John Dulles. Because we have said that we were taken in and we have said this many times to our Vietnamese friends. You know that President Ho Chi Minh was a very eloquent man and he was a very open man too, and in his discussions with our Chairman, he did not agree to say that we had been taken in at that time. We continue to say we should have made greater efforts at the Geneva Conference. We should say that on the first Geneva Conference we should take some of the moral responsibility. Because, if at that time if we had refused to sign unless Dulles signed, he would have signed. But even though he would have signed, SEATO would have been established.

Secretary Kissinger:

The lack of signature was not the determining factor.

Prime Minister Chou:

No it was not, but it established a precedent. We have to admit our mistakes on that. It can be said to be a twist of history.

Now with one agreeing and one dissenting how are you going to get the Nobel Prize? I wonder who suggested that it go to two persons together.

Secretary Kissinger:

It was domestic politics in Norway. Le Duc Tho has written me a very warm letter. It is like two war veterans exchanging ideas. It reminded me of our conversations at the last session of our peace talks.

Prime Minister Chou:

Do you think we could take a rest for a few minutes?

(There was then a break from 5:30 to 5:45 p.m.)

Prime Minister Chou:

So the two sides, Israel and Egypt, are going to sign at 9:00, Peking time.

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Secretary Kissinger: I don't know the exact time. I know they will sign today.

Prime Minister Chou: That would be 4:00 their time.

Secretary Kissinger: That seems reasonable. They were supposed to meet at 2:00, and I guess it would take until 4:00.

Prime Minister Chou: First, the Soviet Union issued a news report and then they cancelled it.

Secretary Kissinger: They have never acknowledge the agreement, have they? They have not reported it in the press.

Prime Minister Chou: We heard that earlier that Tass had issued a news report saying that there were two different texts of the agreement issued -- one in the United States and the other in Egypt.

Secretary Kissinger: That is ~~is not~~ true.

Prime Minister Chou: Later on they cancelled that news item and reissued another one according to the Egyptian text.

Secretary Kissinger: Which is exactly the same as the other text.

Prime Minister Chou: I did not go into that in such detail.

Secretary Kissinger: There is only one text. My letter was approved by both the Egyptian Foreign Minister and the Israeli Cabinet before I sent it.

Prime Minister Chou: It was also the same as that you gave to Kurt Waldheim.

Secretary Kissinger: Exactly.

Prime Minister Chou: Is it five or six points?

Secretary Kissinger: Six.

Prime Minister Chou: At the beginning there were reports there were only five.

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Secretary Kissinger: That was wrong too. I think we gave your Ambassador a letter 24 hours before it was published.

Prime Minister Chou: So shall we continue? Is there anything else you would like to say?

Secretary Kissinger: I think there are other topics we have discussed in the past, such as South Asia and Iran, that we can keep for another occasion. I wanted to cover the basic issues today.

Prime Minister Chou: In my view, South Asia is always an important aspect. What do you think of the developments there?

Secretary Kissinger: India is making a major effort to improve its relations with us, and we assume also with you.

Prime Minister Chou: Why do they have to insist on detaining those 195 prisoners of war?

Secretary Kissinger: That is the problem -- the problem is that I think they want to keep them until Pakistan recognizes Bangladesh and until Bangladesh gives up the claim to try them. Now as part of this negotiation which brought about the settlement, we obtained from India an assurance that those 195 would not be turned over to Bangladesh. We would make it a matter of American Government policy if they broke this agreement.

Prime Minister Chou: There is the need to exert a certain pressure on them in this aspect because it is too unreasonable. Because in Pakistan they have already passed a resolution in their national assembly agreeing to the recognition of Bangladesh, giving the Prime Minister the authority to recognize Bangladesh at the proper time.

Secretary Kissinger: We are supporting Pakistan on the return of the 195. We have made this clear to India.

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Prime Minister Chou: We also discussed this issue with Mr. Whitlam when he came this time.

Secretary Kissinger: That is an issue in which he may be willing to support you. Whitlam, I would suspect, would support you on this.

Prime Minister Chou: At the beginning, he expressed his opinion, being more favorable to Bangladesh, and that he did not understand our position. But later, after we explained our position, he did not say anything more. He said he had not read Maxwell's book, and I gave him a copy.

Secretary Kissinger: I think the Prime Minister has increased the sales of that book.

Prime Minister Chou: Indeed. And we believe that that book was written in a very fair manner because we had never known him before, and we did not provide him any documents. He reached those conclusions entirely on Indian documents. Perhaps it did draw on my letter. I think he did quote my letter to Nehru, but I don't think he quoted the letter that I wrote -- after we had returned the prisoners of war and ammunition -- to India and to all other heads of State and heads of government concerned. We sent a letter to the five intermediary states and to all the heads of government. Of course, you would now have a copy of that. He is now commencing to write a book on the Sino-Soviet dispute.

Secretary Kissinger: We have seen articles on that in the London Times.

Prime Minister Chou: He said he is coming again.

Secretary Kissinger: With respect to India, our policy is to see what we can do that they will have greater freedom of action from the Soviet Union but basically we are moving very slowly. We are settling some economic issues with them now -- the rupee debt and matters of this kind.

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Prime Minister Chou: We believe the rupee debt should be settled rather generously. How many rupees do you have on your hands for food purchases?

Secretary Kissinger: I don't have the exact figure, but it was settled at I think about 15 percent. It depends on how you calculate it. You can calculate it without interest -- it would be about 60 percent -- without interest it would be less. The rupees were blocked in India; we could not get them out of India; we have nothing to spend them on in India; and, therefore, what we adopted was what we thought a rather realistic program.

Prime Minister Chou: In your settlement, would you have the portion that was to be returned converted in hard currency?

Secretary Kissinger: No. But we have established fixed categories on which it can be spent in India which was not the case before.

Prime Minister Chou: Can you invest with those rupees in India?

Secretary Kissinger: No. It is mostly for American governmental expenditures in India; for our Embassy and matters like this, and buildings.

Prime Minister Chou: But that should be a very small sum.

Secretary Kissinger: And buildings and things of this kind.

Prime Minister Chou: Would you buy commodities out of India with that sum?

Secretary Kissinger: I don't think so. I will get the details and let you know tomorrow.

Prime Minister Chou: I believe I have already told you of how they broke the Sino-Indian border negotiations in order to obtain that rupee settlement for buying grains from the United State. Do you remember my telling you that?

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Secretary Kissinger:

You told me that after these negotiations broke down, that they received a great deal of help. You think they broke them in order to get the help?

Prime Minister Chou:

Exactly. Because when I met with the foreign press in India, I told them no issue had been solved, and therefore I had nothing to say to them, the correspondents. But, of course, other correspondents also put questions to me. But a correspondent from your country asked me whether I knew or not that the Indian Minister of Food was in your country waiting to sign. I thanked him for telling me this news, and I understood. And the day after the talks broke down and I went to Kathmandu, Nepal for a visit, I read in the papers that the deal had been signed. And it was decided that by that agreement that India would be buying American food grains with rupees -- I think the sum of about 15 million tons; of course, not one year, that was not the manner of buying grains, but it was going to be done over a period of five years or six years. But the actual deal perhaps exceeded that amount. I think there was something to do with that. They would not break it. Otherwise, they could have signed something [with us] that was very abstract, and in principle, and no go into details. Nehru could have done that but at that time he refused to make any concessions. Because at the end of those talks I summarized a few points in his words to be taken as the basis for an agreement in principle to be later further discussed in detail, and he still refused to sign. But today you find that the rupees finally can be used in India and only a restricted number.

Secretary Kissinger:

It was always the case that the rupee could only be used in India. I think the basic problem was what we called the counterpart fund; these accumulated funds which theoretically give one enormous power in a country where

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one has them. It is really not the purpose for which they were set up. They were set up so they could be spent there for development projects for the government concerned.

The second problem is that as foreign aid develops more and more countries owe us money; then if, for any reason, we shut off aid we shut off repayment of their debts, so that we are in the position of giving them aid so they can repay debts to us. This whole problem we are now examining, since it has consequences that were never intended

Prime Minister Chou: I think your President said at one time that all the debts together accounted for nearly \$10 billion.

Secretary Kissinger: Yes.

Prime Minister Chou: So perhaps you are preparing for the day when finding it difficult to pursue them, you will just wipe them off as with the stroke of one's beard.

Secretary Kissinger: No, but we have to do something creative with them because whether they are wiped off or not does not depend on us so completely anymore.

Prime Minister Chou: Correct. Of course, you would know that the Soviet Union whenever it leases something determines what it must be paid back in -- for instance, in jute. You would know that, of course.

Secretary Kissinger: Yes, and also in the Middle East.

Prime Minister Chou: You will know that recently that Egypt has had to pay in hard currencies for the ammunition that it obtained from the Soviet Union. Because the Soviet Union told Egypt since you have so many friends who are rich in oil resources, you should pay us in money and not in goods.

And then we saw that you suddenly put a bill to your Congress concerning aid to Israel amounting to \$2 billion. Of course, we understand that if you had not done that public opinion in the United States would not have been able to understand.

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Secretary Kissinger: We did this as a pressure on the Soviet Union.

Prime Minister Chou: But they wanted money. They did not care for anything else. They, of course, would not pass a bill saying they would provide military arms immediately to Egypt.

Secretary Kissinger: But they were providing a great deal of arms during the war.

Prime Minister Chou: Of course, but for a price. Boumedienne went to the Soviet Union and held sixteen hours of discussion with the Soviets for the same purpose. They wanted to be paid. They gave him some things, but there were also other things they did not give him. One cannot fight well if one relies on such if that is on what one must rely to fight with.

Have you paid attention to the prospects of the developments in Afghanistan?

Secretary Kissinger: Yes. We have looked at that situation since the coup, and, of course, Prince Daud is well known as having some pro-Soviet orientation; and many of the younger officers with him have no political experience and were trained in the Soviet Union. You are familiar with the fact there was a Soviet military mission there in the last few weeks that inspected the border with Pakistan. We talked to the Shah of Iran, and we also told the Soviet Union that if the Afghans spilled across their border that this would be considered an international development which we would take very seriously. We are concerned with the Pushtunistan agitation.

Prime Minister Chou: They also engage themselves in Baluchistan agitation. The final intention of the Soviet Union is to get it all in the Soviet hand. They have a map. We don't know whether President Bhutto showed it to you.

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Secretary Kissinger: Yes. He showed me the map. It allegedly is an Afghanistan map because it has a very small slice of Soviet territory.

Prime Minister Chou: A piece of Pakistan, a piece of Iran, and a small piece of the Soviet Union.

Secretary Kissinger: The Shah of Iran is very concerned. He is building up his defenses at a considerable rate, and we are giving him more modern equipment. We have talked to Bhutto and so our help has been primarily in the economic field, and we are now thinking of helping him build a port which is a project which he is extremely interested in. We have not yet fully solved the problems of weapons for Pakistan. We are trying to do it through Iran. And we are also...

Prime Minister Chou: I believe Prime Minister Bhutto wants to obtain weapons directly from you.

Secretary Kissinger: Yes. It is a very difficult problem for us because of Congress. We have given him a little, but it is really not very meaningful.

Prime Minister Chou: Can Iran give them some?

Secretary Kissinger: Yes. That is what we are working on now. We had our Ambassador from Iran visit Pakistan to see what arrangements could be worked out.

Prime Minister Chou: So India has such a great influence on your domestic public opinion.

Secretary Kissinger: India has a considerable influence on our domestic public opinion, not so much on the public at large which does not like it, but on the intellectuals which have had a romantic idea about India as a nonviolent country. We are also working with the Shah, as I told you earlier, on the problem of Iran and the Gulf States. And we have this week, as you may have noted, sent one of our aircraft carriers and an escort into the Persian Gulf in order to demonstrate our presence. There have been Soviet ships there, but we have not had American ships there.

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Prime Minister Chou: Anyway, those places are getting tense. You are spending such a huge amount in military expenditures in assisting other countries, could you not appropriate a portion of that -- a portion of your expenditures to military assistance to other countries -- could you not give a portion of that to Pakistan?

Secretary Kissinger: We are not spending that much, unfortunately. The budget is being decreased by Congress every year. Secondly, a specific prohibition was passed against direct military aid to either India or Pakistan. India does not need it because they are getting it from the Soviets. We have to look for indirect ways of doing it. I have talked to Prime Minister Bhutto about it, and I will look into it again when I get back to the United States. We agree with the necessity. Our problem is to find the legal means of doing it.

Prime Minister Chou: Another question is that of Korea. We have reached a compromise, but we believe the speed has to be slowed down -- that is, the time when the draft resolution should be put to the First Committee, and the Chairman of the General Assembly, will be postponed. Because it was originally scheduled to have the discussion in the First Committee on the Korean issue on the 14th or 15th and you had already left Washington when you presented it with our Korean friends, and then we had to tell our delegation at the United Nations. Our delegation was very enthusiastic about this, as was your Ambassador.

Secretary Kissinger: He is by nature enthusiastic.

Prime Minister Chou: Perhaps something like Ambassador Huang Hua.

Secretary Kissinger: I did not have that impression from Ambassador Huang Hua.

Prime Minister Chou: But they very quickly agreed.

Secretary Kissinger: We were under the impression you were in a hurry. We are in no particular hurry.

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Prime Minister Chou:

Because you had not returned and we had not met you, and they even went into the details of drawing up the wording. Perhaps even before you authorized your Ambassador.

Secretary Kissinger:

No. I approved the wording. It was sent to me as a cable, and I approved it.

Prime Minister Chou:

Because we knew that you were very busy and preoccupied with the Middle East at that time, and we did not think there was the need to be so hasty because we also have to consult with other sponsor countries which Korea had mobilized, and we thought also that you would have to discuss with your sponsor countries. In the course of such consultation, it would be bound to leak. For instance, you will discuss it with Japan. You told Japan.

Secretary Kissinger:

"Might possibly leak" is one of the kindest sentences I have heard. I was told that you were in a hurry. We had no particular reason to hurry. We were for it, and I approved the schedule, and I would have accepted any schedule you gave us. I am still prepared to accept it.

Prime Minister Chou:

Yes, I think the main thing is we should give them some time because our Korean friends need to discuss and persuade some other sponsor countries. We think it would be very bad if we two decided after discussing it and tried to impose it on others.

Secretary Kissinger:

I agree.

Prime Minister Chou:

So I would kindly ask you to convey this to Ambassador Scali, and he could go into further consultations with Ambassador Huang Hua, that is to say that originally the issue was to be put to the First Committee on the 14th and what we mean is we don't think it need be done in such a hurry -- the date...

Secretary Kissinger:

The compromise was to be on the 14th on the Korean issue?

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Prime Minister Chou: No, it was originally scheduled that the issue would be put to the Committee on the 14th and then all sides would have their say and then go on to the resolutions. But we would propose that it would be better to postpone the discussion of the issue to a later date -- later than the 14th. We think it would be beneficial if you could notify your Ambassador at the United Nations and he and our Ambassador could discuss it and see if they approved. If they thought it was suitable to postpone it then it could be done.

Secretary Kissinger: I don't know about your Ambassador, but if you and I agreed that it should be postponed ours will postpone it.

Prime Minister Chou: But you know there is also the question of Korea. We agree with your assessment that our Ambassador seems to be in a hurry and I don't know why he became all of a sudden so enthusiastic over this. Because originally when our Vice Minister was at the United Nations we agreed he should first consult the nonaligned countries and Korea, and we should not enter this consideration in such haste.

There now has appeared another issue -- another aspect -- of the issue and that is you are now in China. Because you know that on our side the Soviet Union and its followers are included in the sponsor countries and they would have something to say about this, and would try to create trouble on the basis of the fact that you were visiting China now and might create some confusion in other countries.

Secretary Kissinger: We have no reason to bring it to a decision this week. I don't know what the parliamentary situation is -- how much trouble it would be to postpone it. The Vice Minister knows about the technical details. If it is possible to postpone it, I have no objection. I am assuming the same compromise is still agreed to, and you are just talking about a delay, not about changing the agreement.

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Prime Minister Chou: No change of the compromise.

Secretary Kissinger: How much of a delay -- two weeks?

Prime Minister Chou: We can ask them to discuss that.

Secretary Kissinger: All right.

Prime Minister Chou: Because in that interim period we can also discuss it more thoroughly with the nonaligned countries. The Soviet group will definitely try to create trouble on this issue and they will stand on the so-called left. They constantly forget that the United Nation troops were sent into Korea when they were absent from the United Nation Security Council. And Ambassador Bruce...

Secretary Kissinger: We will instruct Ambassador Scali as soon as we return to our Guest House to get in immediate touch with your Ambassador that they should both work out a delay for a period.

Prime Minister Chou: If necessary.

Secretary Kissinger: How do they determine what is necessary?

Prime Minister Chou: They can discuss it among themselves.

Secretary Kissinger: Our Ambassador is a little excitable. And unless I tell him the definition of necessity. Let me put it this way -- to make it easier. I am prepared to go ahead, then he should go ahead. We will leave it up to your Ambassador and hope that my judgment of him is correct that he is not excitable.

Prime Minister Chou: Well, he is usually not so very easily excited but this time he has been over-enthusiastic.

Secretary Kissinger: That is more than I ever manage to achieve with him. Maybe I should have Scali work on Chinese problems.

Prime Minister Chou: I don't think this has anything to do with Ambassador Scali this time; perhaps because

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our two sides have reached agreement, he thought he would express his zeal in carrying out the order. He forgot the other sponsor countries, especially since he neglected the fact that there was the Soviet group among those sponsor countries.

Secretary Kissinger: Ambassador Scali will be instructed so there is no misunderstanding as of Monday morning New York time. Should they get together? I will instruct him to meet whenever Huang Hua wants. I don't know where Scali is this weekend. We will send a message when we reach the Guest House and that will take three to four hours. If Scali is in New York he should have it by the end of the day Sunday New York time.

Prime Minister Chou: I think it can wait until Monday morning.

Secretary Kissinger: You can assume that at the opening of business Monday, New York time, Ambassador Scali will be instructed. Who gets in touch with whom? We leave it to him. I will tell Scali if he has not heard from Ambassador Huang Hua in the morning he should call him. I shall instruct him first that the compromise remain in effect, but if Ambassador Huang Hua would like a delay, then Scali should cooperate with him to get a delay for the time period that Ambassador Huang Hua recommends. And that Scali should work with the sponsors on our side to bring the delay about if it is desired. You can count on that being done.

Prime Minister Chou: Thank you. We don't want to give the Soviet Union an opportunity.

Secretary Kissinger: I agree, and if there is no necessity, there is no hurry.

Prime Minister Chou: Correct. You are going to Japan. What are your views on Japan?

Secretary Kissinger: My views on Japan are that what we discussed last February are still true -- that Japan is at a crucial point and necessity will drive

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it to decide between a more traditional nationalism and maintaining its present orientation. And it has many temptations. It is very much affected by the Middle East oil situation.

Prime Minister Chou: I believe about 80 percent of its oil comes from the Middle East.

Ambassador Ingersoll: Eighty-five percent I would say; that is only about 40 percent from the Arab countries and 45 percent from Iran.

Prime Minister Chou: Yes.

Secretary Kissinger: It has temptations from the Soviet Union. It has temptations by its own economic strengths. And it is concerned that it will be left alone in any arrangement that we make with the Europeans. This is one reason why we may try to find a formula to associate Japan with our efforts in Europe. The intention is not to link it militarily with Europe but primarily psychologically, to prevent a total sense of isolation.

Prime Minister Chou: And have you expressed support or are you waiting to see the outcome of events with regard to your joint exploration of Siberia?

Secretary Kissinger: One problem is that no one knows exactly how much natural gas there is. There is some dispute between what the Soviets have told us and what some experts have said.

We have just authorized a loan which will be a joint American/Japanese exploration in Siberia to get a precise determination of what is involved. We have agreed in principle to make it a joint project with the Japanese. And we believe, for political reasons, it would be undesirable to have the Japanese so completely dependent on Soviet political decisions. And the Soviet Union will probably be more reluctant to tackle both the United States and Japan simultaneously than Japan alone. We have a problem in our Congress whether we can get any support for these

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long-term investments in the Soviet Union. And that will not be decided until the early part of next year.

Prime Minister Chou: Their salesmen don't seem to be very effective.

Secretary Kissinger: Soviet salesmen?

Prime Minister Chou: That is the impression we received both from West Germany, Japan and from you. Is the data and the material of the salesmen credible?

Secretary Kissinger: There are some questions in our mind about the reliability of these figures. The second question we have is to what degree we want to commit massive American investments in the Soviet Union. Our strategy up to now, quite candidly, has been to do enough to give the promise of future investments but not so much as to make a strategic difference in their situation.

Prime Minister Chou: That is a very complicated strategy.

Secretary Kissinger: That is true.

Prime Minister Chou: Ambassador Ingersoll will be, of course, very familiar with the lesson that General Secretary Brezhnev taught Prime Minister Tanaka. He brought out his map and began his lectures.

Secretary Kissinger: He has only one lecture. And I have heard it ten times.

Prime Minister Chou: He came at the same time when Brezhnev went to visit Bonn.

Secretary Kissinger: It is dangerous to underestimate German shortsightedness. My apologies to the Vice Minister.

Prime Minister Chou: Perhaps you say that out of your unhappiness with the present Brandt Government.

Secretary Kissinger: That too, but it is a historical phenomenon. The Germans have had only one leader of stature -- that was Adenauer.

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Prime Minister Chou: Yes, because he had been active.

Secretary Kissinger: Who, Adenauer?

Prime Minister Chou: Adenauer.

Secretary Kissinger: He knew the importance of it, but he never let himself be deflected. While Brandt, if he persists in his present policy, will have given the Soviet Union veto over German policy.

Prime Minister Chou: There is such a danger. And the opposition party did not carry out the elections very well either.

Secretary Kissinger: No. They had very incompetent leadership. You met their best man but he is not very energetic, Schroeder. He is their best man.

Prime Minister Chou: He is not so very active. Why not? Because of temperament or because of his position in the party?

Secretary Kissinger: Schroeder, he is not the new leader. I have not met the new leaders. Schroeder was ill for a while, and he also does not have and is not good in appealing to public opinion. And he was not very strong nor able to take over the party himself.

Strauss was with Ambassador Bruce in Germany for many years. Strauss is extremely intelligent and a very forceful personality, but he is a South German phenomenon so he has not much support in the north. His self discipline leaves something to be desired. I think I told the Prime Minister once about what Adenauer said to me about Strauss.

Prime Minister Chou: At that time you did not mention a specific name. I thought it might be him.

Secretary Kissinger: It was Strauss.

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Prime Minister Chou: Yes, you can see the clarity of Adenauer's mind because he must have spoken to you when he was over 80.

Secretary Kissinger: Yes. A month before his death, 88. He was a man of very clear views. He understood the danger for Germany if it maneuvered too much.

Prime Minister Chou: It is time for a short break, and you are going to the ballet. We will have more time tomorrow. Perhaps this evening, if we have something more to discuss, I might pay a call on you.

Secretary Kissinger: It would be very nice.

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MEMORANDUM

NOD'S REVIEW

THE WHITE HOUSE

WASHINGTON

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 November 1973
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Reviewed by H. D. Brewster

MEMORANDUM FOR:

THE PRESIDENT

Date:

3-8 1978

FROM:

HENRY A. KISSINGER

CLASSIFIED BY FRANK WISNER

SUBJECT:

SUBJECT TO GENERAL DMYASIS to China

SCHEDULE OF EXECUTIVE ORDER 11652

AUTOMATICALLY DOWNGRADED AT TWO-

Overview

YEAR INTERVALS AND DECLASSIFIED ON

DECEMBER 31, 1994

The four-day visit to the People's Republic of China was a positive success on all planes. The two and three-quarter hour session with Chairman Mao (the fact that it was the longest session with a foreign official in recent years is of itself very significant); fourteen hours of private meetings and several more of informal conversation with Prime Minister Chou; additional talks with Vice Minister Chiao Kuan-hua on sightseeing tours; and six hours of counterpart meetings on technical bilateral issues added up to the following:

-- Confirmation and deepening of the close identity between you and the Chinese leaders' strategic perspectives on the international situation. As I pointed out after my February 1973 trip, we have become tacit allies. We share essentially the same views about the Soviet strategy (though the Chinese are firmly convinced of Soviet hegemonial ambitions while we still hold out the possibility that our combination of firmness and negotiation can steer Moscow on a constructive course); the necessity of a strong American world role and defense capability; and the strategic importance of Europe, Japan, the Middle East, and the Near East-South Asia axis.

-- A positive joint communique that expands our existing bilateral relationship and establishes the framework for further forward movement. The key element in the document--indeed the most significant development of the visit--is the breakthrough proposed by Chou on Taiwan that requires only that the "principle" of one China be respected as we normalize relations. We now have to explore how to give concrete expression to this concept which could provide an opening for maintaining a substantial bilateral tie with Taiwan as and when we establish diplomatic relations with the PRC.

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-- Clear statements on Mao and Chou of support for your firm diplomacy and their strong hope that you will surmount domestic difficulties. They were scathing in their criticism both of the neoisolationists in the United States and those whom they consider are exaggerating and exploiting Watergate to attack you.

-- Recognition by the Chinese of your position that a military flareup in Indochina will have adverse effects on our mutual interests. Chou strongly suggested that they have throttled way down their assistance to North Vietnam and Cambodia. He stated that there would be no major offensive in South Vietnam in the near term. On Cambodia, the Chinese seemed content to let the parties further exhaust themselves on the battlefield to get into a negotiating mood; he did not pick up my offer to listen to their (or Sihanouk's) ideas on a settlement.

-- A continuing warm reception for our party, including truly major coverage of our activities in the Chinese press.

Progress with Some Caveats

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These elements constitute substantial forward progress. The driving force on the Chinese side remains their preoccupation with the Soviet Union which infuses their discussion of every major international issue. Their crucial calculation is the steadiness and strength of America as a counterweight. In this regard your strong handling of the Middle East, particularly the alert, - Chou called you more courageous than President Kennedy as a leader - was an ideal prelude to my visit. It served the same purpose that your policy during the 1971 Indian subcontinent did in the period between my first trip and your summit conversations.

Your strong policies, the Chinese concerns about encirclement, our developing mutual trust and reliability the past few years, our profound exchanges at the highest levels have all combined to move us forward at a steady pace. In addition, the two major obstacles to improvement in relations have been eased: last January's Vietnam settlement all but removed Indochina as an impediment, though Cambodia is a lingering problem; and the Chinese continue to show patience on Taiwan and may have supplied us with a breakthrough on this trip with their one China principle formula in the communique.

We cannot by any means be complacent about our relationship, however. The following caveats are in order:

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-- The Sino-Soviet Split. We have been in probably the ideal situation with regard to the two communist giants: they both want and need to deal with us because they cannot deal with one another. We are walking a delicate tightrope of public detente with Moscow and tacit alliance with Peking. This will continue to require the most careful handling. The meticulous care and feeding of the Chinese on our Soviet policy has paid off, but Peking sees our detente pursuit as at least objectively threatening its security, whatever our motives. And even if we don't make mistakes, events beyond our control could turn one or the other against us or propel them toward each other.

-- The U.S. Domestic Scene. Our domestic situation clearly troubles the Chinese. For the short term they are worried about the attacks on you and hope you will overcome them. More fundamentally, they are wary of our domestic and Congressional mood which they see potentially leading to American disengagement from the world. Once they become convinced that we cannot or will not act as a major force on a global scale, we will lose our principal value to them. In this case, Taiwan and other bilateral pursuits notwithstanding, they would be likely to explore other alternatives.

-- The Chinese Leadership Succession. Mao and Chou both looked well and demonstrated their usual mental prowess (Mao more than ever). But they are old, and there appears in any event to be some domestic challenge to them, though probably mostly on domestic issues. We just don't know much about their politics -- nor does any other outside country. We have no idea who will succeed the present leadership or what their foreign policy tendencies will be. The one element we can be certain of is that they will not be as far-sighted or as sophisticated as Mao and Chou, who may well be the most impressive twosome in history. A worrisome aspect is the fact that on all our trips we have dealt with a restricted circle of Chou and his lieutenants. We have had virtually no contact with other elements of the political leadership, such as the Shanghai radicals. Since a reasonable case can be made for accommodation with Moscow or some other option than their present course, we have no assurance that the PRC will continue its policy toward us when Mao and Chou depart. This puts a premium on solidifying our relationship while the current leadership is directing their policy.

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The Joint Communiqué

As I have already reported, the communiqué we issued is a positive document and contains a possible breakthrough on the fundamental question of Taiwan.

The Shanghai Communiqué established a framework and principles for our relationship. Since your trip we have given these concrete expressions. This communiqué further accelerates momentum in these areas:

-- It expands the principle of opposing hegemony from the Asia-Pacific region to "any other part of the world." This reflects our parallel strategic interests and sends some clear, though sufficiently muted signals to Moscow.

-- We have extended the process of consultation "to maintain frequent contact at authoritative levels" and "to engage in concrete consultations". In addition to suggesting closer collaboration in general, it balances off somewhat our consultation procedures with the Russians under the Agreement to Prevent Nuclear War.

-- We have agreed to expand "the scope of the functions of the Liaison Offices". This will result in larger missions performing wider tasks. They are becoming embassies in all but name.

-- We will work for the further development of trade. This has already reached the level of some \$900 million in exports to the PRC (and less than \$100 million Chinese export to us). We made major progress on the principal technical issues which should expand trade further.

-- We have arranged "a number of new exchanges for the coming year." This program is important both substantively in promoting mutual knowledge and awareness, and symbolically in highlighting the progress of our relations.

In addition, Chou tabled language that provides the framework for the central bilateral problem in the coming period, Taiwan: "... normalization of relations between China and the United States can be realized only on the basis of confirming the principle of one China." This suggests that we might be able to continue a substantial relationship with Taiwan when

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we establish diplomatic relations with Peking so long as we maintain the "principle" of one China. They may be willing to settle for considerable autonomy for Taiwan and continuing U.S. ties so long as the nominal juridical framework reflects the one China approach. Our task now is to come up with some formulas that can begin to move toward this goal. They are clearly ready to hear from us; I said that we would get back to them within a few weeks.

Thus once again the Chinese have demonstrated their patience and shrewdness with respect to this delicate issue. Just as the Shanghai Communique formula allowed us to launch our bilateral relationship so may this one allow us to proceed eventually to diplomatic relations while continuing close ties (as yet undefined) with Taiwan.

More generally, this communique follows the pattern of previous ones by fleshing out the framework already established and shaping a fresh framework for the next stage.

The Meeting with Mao

I have already sent you the highlights of this extraordinary session. The Chairman looked much healthier and thinner than last February when in turn he looked much better than during your trip. (It is now clear in retrospect that he was quite ill when you saw him.) He moved and walked unaided and used his hands continuously and expressively as he talked in his slow, low, gravelly tones.

Mentally he was extremely impressive, improving his previous performance. He led the conversation, covered all major international issues with subtlety and incisiveness and an unerring knack at striking the essential chords in a seemingly casual way. By the time he was finished he had sketched their strategic vision comprehensively and laid down the essential elements of their policies region by region. He went from issue to issue in an ostensibly random, but always purposeful, manner. And all of this was done without a single note of his own or prompting by Chou, who once again was clearly deferential in his presence.

The Chairman obviously enjoyed himself. Throughout he employed his earthy phrasing and bawdy humor to illustrate a point or color a tone; the females present laughed easily, almost coquettishly and were again at ease in his presence. After the conversation had gone beyond one and

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three quarters hours, several on the Chinese side looked at their watches and made tentative moves to close out the meeting, but Mao prolonged the talk and toward the end engaged in exchanges on philosophy.

- Indeed one of the striking aspects of the visit was the fact that this time Mao presented the bulk of the Chinese positions while Chou generally stuck to details and asking questions and making comments on our positions. Before, Chou had taken his cue from Mao but made extensive substantive presentations of his own.

The Chairman was virogously supportive of you, as I have reported. He praised your strong policies, singling out the recent alert and Middle East policy generally. He found your actions much firmer and steadier than the Cuban missile crisis scenario.

He discussed the Watergate events in bawdy fashion, calling it no more than a breaking of wind (the interpreter had amusing difficulty). He considered the incident meagre, yet much chaos was being made of it and "we are not happy about it." He pointed out that other domestic policies, especially economic, were going well. I assured him you would surmount your current troubles and explained the domestic political tides.

Mao was also concerned in general about trends in America toward disengagement. He asked me if we would revert to isolationism if the Democrats took office. I said that many (not all) of them would want to move in that direction but objective reality would prevent them at some point; the problem was how much damage would already have taken place before they checked this trend. On the whole I thought that future Administrations would have to pursue the same general course, though perhaps in less complex fashion than your tactics. I emphasized that in any event these concerns pointed up the need to solidify U.S.-Chinese relations now so there would be no alternative for successors.

The world wide preoccupation with the Soviet Union once again dominated his conversation. Almost every subject was linked to this theme. He painted the global Soviet threat and recounted how he had contemptuously rejected their offers, direct and through emissaries, for improved relations. I rehearsed our own, less direct policy with Moscow. The Chinese still remain somewhat suspicious of our approach, especially of the objective dangers of false detente; the Chairman compared our policy to shadow-boxing in contrast to their more straightforward opposition. I also

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also acknowledged that the Soviet threat to China seemed to have increased since my last visit. I repeated our opposition to these pressures and the dangers we saw in a Soviet attack. He made clear that they didn't want a war but were prepared if necessary.

Indeed, Mao seemed basically optimistic about containing the Soviet Union, citing his familiar axis of potential or tacit allies in China, Japan, the United States, Europe and the Near East-South Asia axis. He again stressed the importance of our working closely with these countries -- maintaining close ties with Japan; keeping our military presence in Europe; and countering Soviet influence in the Middle East (as we were now doing), Pakistan, Iran, India, the Persian Gulf and the Indian Ocean. I outlined our efforts to support these various countries; offset Soviet influence; maintain a strong national defense; keep forces in Europe; anchor Japan securely, etc.

Note We discussed several specific countries. He was very worried about Soviet influence in the radical Arab states, especially Iraq. He applauded your efforts to increase our influence in the region. He criticized their Chief of their Liaison Office in Washington for his recent lecture to me on the Middle East which rehearsed their standard pro-Arab line. The Chairman made clear that Ambassador Huang should have comprehended the more important U.S. - Soviet strategic aspect of the regional conflict.

Mao was both patient and somewhat inscrutable on Taiwan and diplomatic relations. He said that the Taiwan issue "is not an important one; the issue of the overall international situation (i.e., the Soviet Union) is an important one." The PRC would not rush us on this question or that of diplomatic relations, he stated. After all, their relations with us were better than those with countries like the USSR and India, with whom they have diplomatic ties; the Liaison Offices "could do." But Mao also made some elusive references (including on maintaining ties with the Soviet Baltic states) that suggested flexibility to allow us to move more rapidly. I followed up for clarification with Chou, and we emerged with the language in the Communiqué.

Mao strongly suggested that they would not use force against Taiwan, pointing to their restraint on Macao and Hong Kong. He didn't believe in peaceful transition with the counter-revolutionaries, but Peking could wait 600 years to absorb the small island. In any event the question of relations with us should be separated from this issue and shouldn't take so long.

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I will shortly send you the full transcript of this remarkable conversation.

Meetings with Chou

I have already given you the highlights of my conversation with Chou. They were stimulating, and he was impressive as always, but his role was considerably more subordinate to Mao's this trip. As I have indicated in earlier reports, our first meeting was taken up largely by my presentation of our position on major international issues, with Chou commenting and probing. The second session was largely a holding action of questions from him while they prepared for my meeting with the Chairman. And the meetings on the final day largely consisted of his elaborations of Mao's basic lines; sensitive exchanges about the strategic international scene; discussion of bilateral matters, including trade; and negotiation of the communique.

Following are the major points that emerged from these sessions:

-- He strongly praised your Middle East policy and our growing dialogue with the Arabs. He indicated he had been helpful with Egypt. He suggested we talk directly to Syria; was suspicious of Iraq; urged inclusion of the Palestinians in the negotiations; and shared our positive view of the Shah. On the alert he compared you favorably with President Kennedy and suggested the incident gave us a chance to increase our defense budget.

-- On Vietnam, Chou said that the North Vietnamese leaders have assured him they have no desire of launching a major offensive. He claimed the material moving south was for rebuilding roads and building up production. From what the Chinese know, Hanoi has no intention of launching a major attack. He alluded to the gradual political evolution that I had told him on previous visits we could live with. I underlined the dangers of a North Vietnamese offensive.

-- Chou declared that their friends in Cambodia were complaining about lack of military support from Hanoi which according to him is "extremely meagre." He didn't foresee major fighting in Cambodia; favored a political settlement; and thought the area should be peaceful and neutral. He also indicated opposition to Sihanouk's return and a Soviet desire to have their "hand in the pile."

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-- Chou pointed to vigorous efforts by Moscow to the south of China. He urged support of Pakistan and approved our building a port there. I reaffirmed our policies and said that we were also trying gradually to improve relations with New Delhi to counter Soviet influence there.

-- Discussion on Korea was restricted to the ongoing discussions in the United Nations. The Chinese had just given us a satisfactory compromise solution in New York and needed time to line up their allies. I agreed that we would work closely with them on timing so long as they stuck by their substantive position.

note -- He thought we should come closer to Japan on defense matters (i.e., the nuclear umbrella) and indicated he agreed ~~that it was preferable for us to join the Japanese in Siberian development than to leave them alone.~~ I emphasized the importance of keeping the Japanese tied to us and not subjected to too many pressures.

-- Chou criticized Allende's rashness in Chile and Che Quevara's adventurism. In response to my comments, he in effect said that the PRC would not cause trouble in Latin America.

-- I went over our Soviet strategy in some detail, including our rationale for the agreement which you had used during the Middle East alert. He continually sounded their by now familiar preoccupations.

-- Chou strongly supported NATO and our troop presence in Europe. He said he would continue to educate European leaders, beginning with Heath who will visit Peking soon.

-- I reaffirmed our intentions on Taiwan in political terms and outlined our plans concerning our military presence.

-- At his own initiative, Chou said he would not attend the United Nations session next fall.

-- I described to Chou, as I did later to Mao, our domestic mood and its impact on foreign policy.

Bilateral Technical Issues

Counterpart negotiations conducted on our side by Acting Assistant

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Secretary Hummel focused on trade and exchange matters.

We presented to the Chinese our view of the importance to the evolution of normal economic relations of concluding the private claims/blocked assets problem -- agreed to in principle during my visit last February. In the only harsh aspect of all our discussions (apparently reflecting the acerbic personality of negotiator Lin Ping, formerly Ambassador to Chile during the Allende period and now Director of the Foreign Ministry's Bureau of American and Oceanic Affairs) the Chinese side attacked our proposed technical language defining the source of their blocked assets as being an unwarranted reference to the former "hostile" attitude of the U.S. toward the PRC. More substantively, they demanded that we exclude from the settlement \$17 million blocked in third-country banks, some of which has been repaid indirectly to the PRC despite our warnings to the banks of the illegality of such action. Our side indicated that these positions were unacceptable, primarily because exclusion of the third-country blocked assets from a settlement would reduce the sum of the total available for repaying our domestic claimants to a level unacceptable to the Congress, but as well because of the disastrous precedent for our international banking relations of such actions.

In my final session with the Premier, we made some progress on this matter. I reiterated the desirability of resolving the claims/assets problem, but the unacceptability of the Chinese position on the third-country bank question. We concluded by agreeing to further exchanges on the technical issues in the coming weeks in an effort to reach a final resolution of this matter in about a month.

The Chinese were relaxed about the most favored nation issue. Chou probed about the relationship between the present Congressional obstruction of this aspect of the trade bill because of the Soviet internal scene and extension of MFN to Peking. They do not mind delay. Their only concern is to keep the Soviet and Chinese aspects separate in congressional and public discussion.

Scientific, cultural, and public affairs exchanges were discussed, with agreement reached on twenty specific programs which will be implemented in 1974. Included in this total is a visit to the U.S. by a delegation of Chinese mayors, and acceptance by the PRC of our proposal that a group of American state governors tour China. As well, the PRC proposed another Congressional delegation visit in the summer of next year by a

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bipartisan group of fifteen. We will be presenting suggestions to you shortly on which Representatives and Senators might most usefully be included in this group. (We suggest this trip not be mentioned to members of Congress at this time, as it will generate a flood of requests, making it difficult to organize purposefully a group which will most effectively support your programs).

We also proposed longer-term cooperative programs with the PRC in the areas of agricultural research, earth resource surveying, and language study. They indicated only that they would consider these ideas.

We also requested agreement from the Chinese side to our making a public statement regarding American servicemen missing in action in the vicinity of the PRC as a result of the Indochina hostilities or our past military activities in the Taiwan area. Premier Chou indicated to me that his officials were making a detailed search for information regarding a number of MIAs. He also agreed to our publicly stating that we have discussed the problem of MIAs, that the PRC has been conducting searches, that no new information has been turned up, that they are continuing to investigate, and that they will provide us any new information which comes up. We can release this statement at an early press conference. This should clear the air on a lingering problem of concern to MIA families and their Congressmen.

Follow up
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this -
it is not
in our
interest
in view
of Press
sensitivity

I raised with Premier Chou the issue of permanent U.S. press representation in Peking. He replied that they saw no problem with our newsmen in their capital; but there is concern with possible awkward confrontations in Washington between PRC newsmen and reporters of Taiwan's official Central News Agency. We will look into ways that this latter problem might be handled and then present further proposals to the Chinese.

Finally, we managed to resolve a potentially difficult issue concerning the U.S. Marine security contingent in our Liaison Office. The Chinese have complained of some of the social activities of the guard, which they feel calls public attention to their presence as a foreign military unit on PRC territory. Their sensitivity seems derived from the historical experience of foreign troops on Chinese soil during the last century which were part of the treaty port system of forced foreign access to the country. Lower level officials had almost demanded that we remove the Marines from China, but in my talks with Premier Chou it was agreed that the guard can remain based on our assurances to keep them low profile.

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We may replace some of the more exuberant of the young men who have proved restive in the austere Peking environment with older, seasoned troops.

The Atmosphere

Our reception in Peking was as cordial as it has been on my last several trips. While the government still does not bring out welcoming crowds, in private contacts they are with few exceptions affable and responsive -- yet never intimate. The Premier sent five officials to Pakistan to escort us to Peking -- three of whom were on my first secret visit -- and held a welcoming banquet on the first night that included, in all, almost 200 people on the Chinese and American sides. I gave a return banquet for the same guests the final night of our visit. Both events took place in the Great Hall of the People and, as during your trip, featured a Chinese military ensemble playing American and Chinese tunes.

Press play of our negotiating sessions was extensive in the PRC's electronic media and newspapers. My meeting with Chairman Mao was given banner-headline treatment, including the Chairman's wish that I convey his greetings to you. Other sessions were also reported on the front page of the Peoples' Daily.

I did little sight-seeing this trip, although a morning's visit to the Temple of Heaven and a walk through the streets attracted a lively and curious crowd. One morning we visited an agricultural commune on Peking's southern outskirts. While this was evidently a model facility and reasonably liveable, it nonetheless gave a clear sense of the limited capitalization of China's farms, the minimal economic amenities of the people, and their enduring burden of physical labor. The second evening we were given a performance of a revolutionary ballet, "The White Haired Girl." This propaganda pot boiler gives depressing evidence of the intellectual impoverishment of contemporary life in the PRC. One sees little evidence in the media or intellectual life of the brilliance and far-sightedness of China's top leaders with whom we deal nor of China's rich culture.

While a comfortably familiar pattern has now evolved in our periodic trips to Peking, and while we now have regularized contacts with the highest leaders in the PRC which -- on the basis of past exchanges of view -- facilitates the development of parallel policies in our international relations, we continue to have dealings with a highly restricted element of

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the leadership. While we have no indications from our talks of tensions and differences of policy orientation among various leaders, signs of conflict and debate persist in the press. Thus, in a situation where we can expect the passing of Mao and Chou in the next few years, there are grounds for concern about the depth and continuity of our relationship.



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DEPARTMENT OF STATE

Washington, D.C. 20520

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Chap 15 #4

R

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Chairman Mao Tse-tung
Prime Minister Chou En-lai
Foreign Minister Chi Peng-fei
Assistant Minister of Foreign Affairs
Wang Hai-jung
Tang Wang-shen, Interpreter
Shen Jo-yen, Interpreter
Henry A. Kissinger, Secretary of State
Ambassador David Bruce, U.S. Liaison Office
Winston Lord, Director of Planning and
Coordination, Department of State

DATE AND TIME:

Monday, November 12, 1973
5:40 p.m. - 8:25 p.m.

PLACE:

Chairman Mao's residence, Peking
Peoples Republic of China

(There was informal conversation as Chairman Mao greeted the Secretary, Ambassador Bruce, and Mr. Lord in turn while the photographers took pictures. The Chairman said that he had not seen the Secretary in a long time and that he now had a higher position. The Secretary responded that the Chairman looked well, and the Chairman commented that he was fair. To Ambassador Bruce, the Chairman commented that he was advancing in age like him, but younger. Ambassador Bruce responded that he was not much younger. To Mr. Lord, the Chairman noted that he was very young.)

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Chairman Mao:

What did you discuss?

Prime Minister Chou:

Expansionism.

The Secretary:

That's correct

Chairman Mao:

Who's doing the expanding, him (indicating the Secretary)?

Prime Minister Chou:

He started it, but others have caught up.

The Secretary:

The Foreign Minister criticizes us from time to time for the sake of equilibrium, but I think he knows the real source.

Chairman Mao:

But that expansionism is a pitiful one. You should not be afraid of them.

The Secretary:

We are not afraid of them, Mr. Chairman. Every once in a while we have to take some strong measures as we did two weeks ago.

Chairman Mao:

Those were not bad, those measures

At that time, we were not yet able to persuade Egyptian Vice President Shafei. He came here and said that they had no confidence in you. He said you were partial to Israel. I said not necessarily. I said that those of Jewish descent are not a monolithic block; for example, we cooperated with Engels and not with other Jewish capitalists.

The Secretary:

The problem in the Middle East is to prevent it now from being dominated by the Soviet Union.

Chairman Mao:

They can't possibly dominate the Middle East, because, although their ambition is great, their capacities are meager. Take, for instance, Cuba. You intimidated them, and they left.

The Secretary:

And since then we've done that a second time, although we did not announce it.

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Chairman Mao:

Recently?

The Secretary:

Recently. They moved several submarines, and we moved several ships, and they left.

Chairman Mao:

I'm very suspicious that this country wants to have some relations with us. At the beginning it was done through delegations sent by Castro. At that time, the head of the Delegation was Rodriguez. He led a delegation of six Latin American compatriots to China to try to make peace with us on behalf of the Soviet Union. The second time they tried to make peace through Ceausescu of Romania, and they tried to persuade us not to continue the struggle in the ideological field.

The Secretary:

I remember he was here.

Chairman Mao/
Prime Minister Chou:

That was long ago.

Prime Minister Chou:

The first time [redacted] to China. (Said in English.)

Chairman Mao:

And the second time Kosygin came himself, and that was in 1960. I declared to him that we were going to wage a struggle against him for ten thousand years (laughter).

Interpreter:

The Chairman was saying ten thousand years of struggle.

Chairman Mao:

I also declared to him that neither of us two were socialists, and that we had been labeled by you (Soviet Union) as being dogmatists and that this is anti-Marxist. So I said let us also give you a title, and that is "revisionism." (Laughter) And, therefore, neither of us is Marxist. And this time I made a concession to Kosygin. I said that I originally said this struggle was going to go on for ten thousand years. On the merit of his coming to see me in person, I will cut it down by one thousand years (laughter). And you must see how generous I am. Once I make a concession, it is for one thousand years. (Chou and Mao confer.)

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And then there was another time, also Romania, and a Mr. Bordeoloski came also to speak on behalf of the Soviet Union. This time I again made a concession of a thousand years (laughter). You see, my time limit is becoming shorter and shorter.

And the fifth time the Romanian President Ceaucescu came again -- that was two years ago -- and he again raised the issue, and I said "this time no matter what you say, I can make no more concessions" (laughter).

The Secretary:

We must adopt Chinese tactics.

Chairman Mao:

There is now some difference between you and us. I do not speak with such ease now because I've lost two teeth. And there is a difference between your and our activities, that is, we just hit back at everything that comes. And we seized upon the fact that the agreement reached between Prime Minister Kosygin and us has never really been implemented, that is, the September 11, 1969, agreement at the Peking Airport.

The Secretary:

I explained to the Prime Minister, going in the car or elsewhere, that our tactics are more complex and maybe less heroic, but our strategy is the same. We have no doubt who is the principal threat in the world today.

Chairman Mao:

not an exact quote

What you do is a Chinese kind of shadow boxing (laughter). We do a kind of shadow boxing which is more energetic. *direct blows*

Prime Minister Chou:

And direct in its blows.

The Secretary:

That is true, but where there is a real challenge, we react as you do.

Chairman Mao:

[I believe in that. And that is why your recent trip to the Arab world was a good one]

The Secretary:

The Chairman is learning English.

Chairman Mao:

Why is it in your country, you are always so obsessed with that nonsensical Watergate issue? (There is much laughter on the Chinese side as the interpreter tries to explain that she

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couldn't really translate the Chairman's wording for "nonsensical" which really meant "to let out air." Prime Minister Chou asks Mr. Lord if he knew the meaning of the Chinese word, "pee." Mr. Lord said "no" and the Prime Minister said that he could ask his wife. The Chinese side explained that it was an adjective used to qualify the incident.)

[The incident itself is very meager, yet now such chaos is being kicked up because of it. Anyway, we are not happy about it.]

The Secretary:

But not in the conduct of foreign policy, Mr. Chairman, which will continue on its present course, or in our capacity to take actions in crises as we've shown.

Chairman Mao:

Yes. And even in the domestic aspects, I don't think there's such an overwhelming issue for you and the President.

The Secretary:

No. For ~~there~~ there is no issue at all because I am not connected with it at all. The President, too, will ~~manage it~~.

Chairman Mao:

What I mean by domestic aspects is your inflation, rising of prices, increase in unemployment, because [it seems that the number of unemployed has been cut down by an amount and the U.S. dollar is relatively stable. So there doesn't seem to be any major issue. Why should the Watergate affair become all exploded in such a manner?]

The Secretary:

There are many complex factors, including the fact that there are many old style politicians who dislike the President because he pursues unorthodox policy. And too many intellectuals have become nihilistic and want to destroy everything.

Chairman Mao:

For instance, James Reston and Joseph Alsop are all now triggered against President Nixon. I can't understand that.

The Secretary:

I can understand James Reston because he follows others, and he is always a reflection of the fashionable view. Joseph Alsop -- I think -- that was a brief aberration, and he will return to his original position very soon.

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Chairman Mao:

Do you think they are writing articles, for instance, in trying to taste public opinion?

The Secretary:

They all like to think that they are running the country. And they play President alternately every other day and take turns at it (laughter). If we had paid attention to them, Mr. Chairman, I'd never have been here on my first trip (laughter). Everything important has been done against their opposition.

Chairman Mao:

Yes. People say that Americans can keep no secrets.

The Secretary:

That's true.

Chairman Mao:

I think Americans can very well keep secrets.

The Secretary:

That's basically true, Mr. Chairman, but you may be sure that as long as we keep the information in the White House, you can be sure that nothing ~~will~~ come out of our discussions.

Chairman Mao:

Take the Cuban incident, for instance. Take, for instance, your visit to China. And another situation would be your recent dealing with the Soviet Union. In all these cases, secrets were kept quite well.

The Secretary:

That's true. Things we can keep in my office, we can keep quite well. But there are no secrets with the Soviet Union. We always tell you everything we are doing with the Soviet Union. There is nothing we are doing with the Soviet Union that you don't know. You can count on that for the future.

The Soviet Union likes to create the impression that they and we have a master plan to run the world, but that is to trap other countries. It's not true. We are not that foolish.

Chairman Mao:

You are always saying with respect to the Soviet Union something we are ourselves also saying. And your views seem approximately the same as ours, that is, there is the possibility that the Soviet Union wants to attack China.

The Secretary:

Well, Mr. Chairman, I used to think of it as a theoretical possibility. Now I think it is

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more a realistic possibility, and I've said it, especially to your Prime Minister and also your Ambassador. I think they above all want to destroy your nuclear capability.

Chairman Mao:

But our nuclear capability is no bigger than a fly of this size (laughter).

The Secretary:

But they are worried about what it will be ten years from now.

Chairman Mao:

I'd say thirty years hence or fifty years hence. And it is impossible for a country to rise up in a short period.

The Secretary:

Well, as I have said on many occasions, and as I said to the Chairman last time, we believe that if this eventuality were to happen, it would have very serious consequences for everybody. And we are determined to oppose it as our own decision without any arrangement with China.

Chairman Mao:

Their ambitions are contrary to their capacity.

The Secretary:

That may be true.

Chairman Mao:

Beginning from their Pacific Ocean, there is the United States, there is Japan, there is China, there is South Asia, and westward there is the Middle East, and there is Europe, and the Soviet forces that are deployed along the lines through Siberia way up to the Kurile Islands only account for one-fourth of their forces.

Prime Minister Chou:

East of the Urals.

The Secretary:

A little closer to one-half. Two-fifths maybe.

Chairman Mao:

Excluding the Middle East, that is. The Middle East would be counted on the other side.

The Secretary:

I see.

Chairman Mao:

But that includes Kazakhstan, the Uzbek Republic, Urquiz and other small republics. Also, some other minority nationality troops stationed in the East.

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The Secretary:

We know where every Soviet division is. And we have occasionally discussed some of this with you. But I agree with the Chairman...

Chairman Mao:

(Before translation) They have to deal with so many adversaries. They have to deal with the Pacific. They have to deal with Japan. They have to deal with China. They have to deal with South Asia which also consists of quite a number of countries. And they only have a million troops here -- not enough even for the defense of themselves and still less for attack forces. But they can't attack unless you let them in first, and you first give them the Middle East and Europe so they are able to deploy troops eastward. And that would take over a million troops.

The Secretary:

That will not happen. I agree with the Chairman that if Europe and Japan and the U.S. hold together -- and we are doing in the Middle East what the Chairman discussed with me last time -- then the danger of an attack on China will be very low.

Chairman Mao:

We are also holding down a portion of their troops which is favorable to you in Europe and the Middle East. For instance, they have troops stationed in Outer Mongolia, and that had not happened as late as Krushchev's time. At that time they had still not stationed troops in Outer Mongolia, because the Chienpao Island incident occurred after Krushchev. It occurred in Brezhnev's time.

The Secretary:

It was 1969. That is why it is important that Western Europe and China and the U.S. pursue a coordinated course in this period.

Chairman Mao:

Yes.

The Secretary:

Because in that case, nobody will be attacked.

Chairman Mao:

Japan's attitude is also good.

The Secretary:

That's very important, yes.

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Chairman Mao:

And the attitude of major European countries are not bad either.

The Secretary:

Their attitude is better than their courage. (Prime Minister Chou explains something in Chinese to Chairman Mao.)

Chairman Mao:

The main trouble now is those small Nordic countries. (The interpreters then corrected.) No, mainly the Benelux countries.

The Secretary:

The Benelux countries and the Scandanavian countries, and there's some ambiguity in the evolution of the German position.

Chairman Mao:

In my opinion, Germany is still a part of the West and will not follow the Soviet Union, while Norway is quite fearful of the Soviet Union. Sweden is a bit wavering. Finland is slightly tended to be closer to the Soviet Uni

The Secretary:

Because of its geographic position, not becaus of its ~~condition~~

Chairman Mao:

That's correct. And they were very courageous during that war.

The Secretary:

Very.

Chairman Mao:

They are the country of one thousand legs.

The Secretary:

That's true.

Chairman Mao:

The Soviet Union first carved out a part of their country and then gave it back, and that country is not one to be easily offended. Because they are hemmed in too close to the Soviet/Finish border.

Prime Minister Chou:

Why were they cut off?

The Secretary:

They did take part. They were in the Karelian Isthmus.

Chairman Mao:

And even during the time of Hitler's occupatio of Poland, Stalin still did not dare attack some of the countries that used to exist along the Baltic Sea.

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The Secretary:

But he took them shortly afterwards.

Chairman Mao:

That was because Hitler attacked Poland, and the Soviet Union seized the opportunity to act in such a manner. They tried an agreement of cooperation. The Soviet Union was able to resist that opportunity to seize these three countries.

Perhaps these three representatives have embassies in your country.

The Secretary:

And they still do, Mr. Chairman.

Chairman Mao:

[And the Soviet Union did not ask you first to abolish those embassies before they established diplomatic relations with you]

The Secretary:

That is correct.

Chairman Mao:

In 1933.

The Secretary:

In 1933, those countries still existed, and we established diplomatic relations in 1933.

Prime Minister Chou:

It's not so convenient for them to go to the United Nations.

The Secretary:

They are not in the United Nations.

Prime Minister Chou:

They probably have some nationals residing in your country.

The Secretary:

Yes. I frankly...they have ambassadors and are accredited, but I don't know what they do.

Ambassador Bruce:

They don't do anything. One of them appears. I think it is Estonia, once a year, and gives an annual day reception (laughter).

The Secretary:

You're quite right. It has not affected our diplomatic relations with the Soviet Union.

Chairman Mao:

Let's discuss the issue of Taiwan. The question of the U.S. relations with us should be separate from that of our relations with Taiwan.

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The Secretary:

In principle....

Chairman Mao:

So long as you sever the diplomatic relations with Taiwan, then it is possible for our two countries to solve the issue of diplomatic relations. That is to say like we did with Japan. As for the question of our relations with Taiwan, that is quite complex. I do not believe in a peaceful transition. (To the Foreign Minister) Do you believe in it?

The Secretary:

Do I? He asked the Foreign Minister.

Chairman Mao:

I'm asking him (the Foreign Minister). (Prime Minister Chou said something that was not translated.)

They are a bunch of counterrevolutionaries. How could they cooperate with us? [I say that we can do without Taiwan for the time being, and let it come after one hundred years. Do not take matters on this world so rapidly. Why is there need to be in such great haste? It is only such a small land with a population of a dozen or more million.]

Prime Minister Chou: They now have 16 million.

Chairman Mao:

[As for your relations with us, I think they need not take a hundred years.]

The Secretary:

I would count on that. I think they should come much faster.

Chairman Mao:

[But that is to be decided by you. We will not rush you.] If you feel the need, we can do it. If you feel it cannot be done now, then we can postpone it to a later date.

The Secretary:

From our point of view we want diplomatic relations with the Peoples Republic. Our difficulty is that we cannot immediately sever relations with Taiwan, for various reasons, all of them having to do with our domestic situation. I told the Prime Minister that we hope that by 1976, during 1976, to complete the process. So the question is

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whether we can find some formula that enables us to have diplomatic relations, and the utility of it would be symbolic strengthening of our ties, because, on a technical level, the Liaison Offices perform very usefully.

Chairman Mao:

That can do.

The Secretary:

What can do?

Chairman Mao:

(Before translation) It can do to continue as now, because now you still need Taiwan.

The Secretary:

It isn't a question of needing it; it is a question of practical possibilities.

Chairman Mao:

That's the same (laughter). We are in no hurry about Hong Kong either (laughter). We don't even touch Macao. If we wanted to touch Macao, it would only take a slight touch. Because that was a strong hold established by natural back during the Ming Dynasty (laughter). Khrushchev has cursed us, saying why is it you don't want even Hong Kong and Macao. And I've said to Japan that we not only agree to your demand for the four northern islands, but also in history the Soviet Union has carved out one and a half million square kilometers from China.

The Secretary:

As I see the problem of diplomatic relations, Mr. Chairman, it's this. On the question of Taiwan, I believe we have a very clear understanding to which we will stick. So the problem we have is...also, the Liaison Offices are doing useful work at this time. So the only question is whether at some point either or both of us thinks it is useful to demonstrate symbolically that our relationship is now normal in every respect. In that case, we should find a formula to make it possible, but it is not a necessity.

Chairman Mao:

We have established diplomatic relations with the Soviet Union and also with India, but they are not so very good. And they are not even as good as our relations with you, which are better than our relations with them. So this issue is not an important one.

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The issue of the overall international situation is an important one.

The Secretary:

I agree with the Chairman completely and on that we must understand each other, and I believe we substantially understand each other.

Chairman Mao:

Our Chief of our Liaison Office was talking to you about grand principles and referred to George Washington's opposing Britain.

The Secretary:

Yes, he made a great speech to me a few weeks ago. I'd heard it before from the Prime Minister.

Chairman Mao:

That set of language can be cut down. And we are now facing a contradiction. On the one hand, we have supported various Arab countries against Israeli Zionism. On the other hand, we have to welcome the U.S. putting the Soviet Union on the spot, and making it so that the Soviet Union cannot control the Middle East. Our Ambassador Huang Chen mentioned the support of the Arab world, but he didn't understand the importance of U.S. resistance to the Soviet Union.

The Secretary:

Well, I took him by surprise, and he repeated the formal position from the United Nations (laughter). And I understand that publicly you have to take certain positions, and it is not against our common position that you do so. But the reality is that we will move matters toward a settlement in the Middle East but we also want to demonstrate that it was not done by Soviet pressures.

So, whenever the Soviets press we must resist apart from the merits of the dispute. Then when we have defeated them, we may even move in the same direction. We are not against Arab aspirations; we are against their being achieved with Soviet pressure.

Chairman Mao:

Exactly.

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The Secretary:

And that is our strategy right now.

Chairman Mao:

And now there is a crucial issue, that is the question of Iraq, Bagdad. We don't know if it is possible for you to do some work in that area. As for us, the possibilities are not so very great.

Prime Minister Chou:

It is relatively difficult to do that. It is possible to have contacts with them, but it takes a period of time for them to change their orientation. It is possible they would change their orientation after they have suffered from them. They've already suffered once, that is with regard to the coup.

The Secretary:

You can do good work in Iran, and Iran is active in Iraq. And we have encouraged the Shah to establish good relations with you. Our strategy with Iraq is first to try to win Syria away from it, and then to reduce its influence in sheikdoms along the Persian Gulf. And then when it sees it can achieve nothing by leaning to the Soviet Union, then we will move toward them. ~~First they~~ have to learn that they gain nothing from their present course.

Chairman Mao:

And this country it contains no banks or coasts of the Arab gulf, that is the Persian Gulf. Recently, your naval ships have gone in that part of the world. I said that was good.

The Secretary:

They are still there, and we will keep them there a little longer.

Chairman Mao:

That is one carrier.

The Secretary:

A carrier and escort ships.

Chairman Mao:

And the Soviet Union often passes through the Japanese straits, for example, the Tsurumi Straits eastward to the vicinity of the Midway Islands. And they go in and out of the Japanese Islands. Sometimes they test their missiles in the Pacific Ocean, too.

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The Secretary:

Yes.

Chairman Mao:

In my opinion, their aim is to tie down a portion of your strength in the Pacific Ocean to avoid your sending a large number of troops westwards.

The Secretary:

First, we don't mind their testing missiles in the Pacific, because this makes it very easy to find out what their characteristics are. As for the fleet, our difficulty about operating in the Indian Ocean and the Arab Sea has been that we have not had a base in that area. But we have now developed an island called Diego Garcia as a base, and we have also discussed with Pakistan the possibility of building a port. And we are establishing very close relationships with the Shah of Iran. And I believe you will see we will be stationing more ships in the Indian Ocean from now on.

Chairman Mao:

Why is it that Iran is favoring the Soviet Union's Asian ~~collective~~ security system?

The Secretary:

First, of the leaders in that area that I know, the one who understands the Soviet danger best is the Shah of Iran. And he's buying very large numbers now of military equipment from us in order to defend himself against the Soviet Union and also to be able to protect Pakistan. So if we sat here, Mr. Chairman, he would agree completely with your analysis of the situation. But he has a tactical problem, and he wanted to say that he was for peace in general. I think he made a mistake, but he is not really for an Asian security system.

Prime Minister Chou:

He will be arriving in China during the first three months of next year. (The Prime Minister and the Foreign Minister discuss the date.) It's going to be postponed. It is not going to be so early.

The Secretary:

He is very much interested in good relations with China, and we have recommended it very strongly. And he sees your attitude and our attitude about Pakistan and Afghanistan.

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Chairman Mao:

It seems to me that the comparatively weaker place in the contemporary international situation would still be Iraq.

The Secretary:

Iraq right now is the most difficult place in that area.

Prime Minister Chou:

(Laughing) Quadaffi went to Iraq to stir up something there.

Chairman Mao:

What have they done now?

Prime Minister Chou:

He has gone and returned. He went there to persuade them not to accept a ceasefire.

The Secretary:

Quadaffi is not the most stable intellect that leads countries right now.

Chairman Mao:

He is a man I do not understand. There's another, that is South Yemen. The President of South Yemen approached me. He said he wanted to sever diplomatic relations with the Soviet Union. He asked me my opinion. I was not taken in by him and said he must be prudent. Now they are ~~pulling themselves~~ very closely to the Soviet Union.

The Secretary:

Very closely tied to the Soviet Union. And they are stirring things up all over the Gulf.

Chairman Mao:

Do you have diplomatic relations with them?

The Secretary:

We have technically diplomatic relations with them but no useful influence. But we give assistance to Muscat and Oman and North Yemen in order to contain them. (The interpreter and Prime Minister Chou explain the location of Muscat and Oman to the Chairman.)

Chairman Mao:

Let's discuss something about Japan. This time you are going to Japan to stay a few more days there.

The Secretary:

The Chairman always scolds me about Japan. I'm taking the Chairman very seriously, and this time I'm staying two and a half days. And he's quite right. It is very important

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that Japan does not feel isolated and left alone. And we should not give them too many temptations to maneuver.

Chairman Mao:

That is not to force them over to the Soviet side.

The Secretary:

And not force them into too many choices, for example, between us.

Chairman Mao:

That would not come about.

The Secretary:

Not from our side either (not translated).

Chairman Mao:

[Their first priority is to have good relation with the United States. We only come second.]

The Secretary:

We have no objection to good relations between Japan and China. We want to prevent them from moving too close to the Soviet Union.

Prime Minister Chou:

And they should not be taken in.

The Secretary:

That's why if they do something in the Soviet Union, we sometimes join them, so they are not all alone in facing the Soviet Union.

Chairman Mao:

And we also encourage them to do things together with the United States to avoid their being taken in.

Prime Minister Chou:

Recently, Tanaka and others paid a visit to the United States. Was that on the West Coast or in Hawaii?

The Secretary:

No, he went to Washington before they went to the Soviet Union during the summer. Our relations now are better than they were when I was here last time. They are no longer so nervous (laughter).

Chairman Mao:

[They are afraid of you and you should try to lessen their fear.] The Soviet Union is doing its utmost to go all out to win them over, but Japan is not so trustful of them.

The Secretary:

No, they had a very bad historical experience, and that is very fortunate for all of us. And the Russian temperament doesn't harmonize very well with the Japanese.

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Prime Minister Chou: During Tanaka's visit to the Soviet Union, the Russians acted very stupidly.

Chairman Mao: They didn't have any discussions the first two days.

Prime Minister Chou: They lectured them.

Chairman Mao: They only made proposals about the resources of the Soviet Union.

The Secretary: Yes, they did that to us, too. It creates the impression they are trying to buy us. But the proposal is that we have to invest there for ten years, and only after everything is built, then they'll start paying us back (laughter). We have not yet agreed and there is no prospect of an early agreement to any of their big projects.

Chairman Mao: And that includes most favored nation treatment. Now it is put on the shelf. I thought it was good upon hearing that news. I think it is best to put it on the shelf for a longer period of time.

The Secretary: But we would like to have MFN for China (laughter).

Chairman Mao: Not necessarily. So long as the Soviet Union doesn't get it, that would be enough (laughter)

The Secretary: The prospects of that legislation are not very promising.

Chairman Mao/
Prime Minister Chou: Is that so?

The Secretary: It won't be taken up again until February. That's in the House. And then it must be taken up in the Senate. But all in all, it seems it will be finally passed if not next year, the year after. The big problem, Mr. Chairman, is not the MFN clause, because the Soviet Union doesn't have goods to sell us. The obstacles to Soviet trade is not our duties, but the low quality of Soviet products.

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Chairman Mao:

But they can give you energy which you need.

The Secretary:

Mr. Chairman, that is not exactly accurate. Even if they were able to produce the natural gas they have claimed, and there is still some dispute about that, it would only amount to about five percent of our needs. And it would take ten years to deliver. And within that ten-year period, we will have developed domestic alternatives, including natural gas in America. That makes it much less necessary, in fact probably unnecessary, to import natural gas in quantities.

Chairman Mao:

That would be good.

The Secretary:

The problem is credits more than MFN. And those we have controlled very rigidly. We haven't given any credits.

Chairman Mao:

I'm lacking in knowledge and cannot understand this problem. I cannot understand this. Probably what you said is correct. At present the Soviet Union seems in need of such great amounts as \$8 billion in credits.

The Secretary:

Yes, and we've given them up to now \$330 million. They want \$8 billion dollars just for natural gas.

Chairman Mao:

Your President issued the Nixon Doctrine at Guam, I believe, and we see that you are gradually realizing his policy in putting out the flames of war in Southeast Asia. In this manner, you will be able to achieve a greater initiative.

The Secretary:

That is correct.

Chairman Mao:

What you issued was a new Atlantic Charter. (There was some discussion of the translation of this word and the difference between "Charter" and "Constitution.") But they mean the same thing. I would think we will realize the basic objective of that proposal within the first half of that year. Most of the Charter is already drafted in the military sphere; we've almost completed a draft, and

The Secretary

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in the political sphere, we've almost completed drafting it. The economic one requires more work.

Chairman Mao:

In the economic field, there are some contradictions.

The Secretary:

Yes. That's true, but they have to be overcome too, because of the great need, and I think we can work them out. Our press always concentrates on disagreements. Those diplomats who are willing to talk publicly are usually least reliable, and their reports are always published. But basically, we are making good progress.

Chairman Mao:

That is why I believe it will be greatly difficult for the Soviet Union to seize Europe and put it on its side. They have such ambition but great difficulty.

The Secretary:

I think it is very difficult for them to seize military power, and if they attempt it, they will certainly have to fight us. (Chairman Mao talks to the Minister Zhou.)

The greatest danger with the Soviet Union is where they either move land armies quickly, as in Czechoslovakia, or make a sudden air attack in areas where they think we will not do anything.

Chairman Mao:

Take, for instance, the manner of their action in Czechoslovakia. It is completely unseemly. For instance, they engaged in intriguing against Czechoslovakia; they sent civilian aircraft and used troops in the civilian aircraft.

The Secretary:

To control the Prague Airport.

Chairman Mao:

Later they sent troops there. Others thought they carried civilian passengers in that aircraft, but they sent troops. In that manner, they were able to control the Prague Airport. They sent troops there and reduced Czechoslovakia to inertia.

The Secretary:

That's true. That's exactly how it happened.

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Chairman Mao:

And, therefore, in my opinion, with regard to the Soviet Union, it has a great ambition and that is, it wishes to seize in its hands the two continents of Europe and Asia, and North Africa and elsewhere, but they will have trouble doing that.

The Secretary:

As long as countries that are threatened stay united. (Chairman Mao toasts everyone with his tea.)

Chairman Mao:

They made use of the opportunities when both of your feet were stuck in the quagmire of Southeast Asia. And in this, your President can't take all the blame for that. The Johnson Administration was responsible for that.

The Secretary:

Where did they take advantage of their opportunity?

Chairman Mao:

That is ~~the~~ enter Czechoslovakia.

Prime Minister Chou:

And also India.

Chairman Mao:

And I don't pay so much attention to these minor things. That is, they have so-called nonaggression pacts with Egypt, Iraq and India, like the Treaty of Friendship with India. I don't believe that settles things. Therefore, we would not agree to any such treaties when they propose them to us.

The Secretary:

Yes. I have noticed that.

Chairman Mao:

And there are some people here who are commenting that you had lost an opportunity to take action when you did not do so when Egypt chased out Soviet military personnel. The commentary goes that at that time you should have assisted Egypt a bit. Upon hearing that I thought further. I thought that because at that time both your feet were in the whole of Southeast Asia, and you had not yet climbed out.

The Secretary:

You are quite right, Mr. Chairman. There were two problems. We had our election. And, secondly, we were still in Vietnam, and we couldn't tackle both at once.

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Chairman Mao:

That is so. You are now freer than before.

The Secretary:

Much more.

Chairman Mao:

And the philosopher of your motherland, Hegel, has said -- I don't know whether it is the correct English translation -- "freedom means the knowledge of necessity."

The Secretary:

Yes.

Chairman Mao:

Do you pay attention or not to one of the subjects of Hegel's philosophy, that is, the unity of opposites?

The Secretary:

Very much. I was much influenced by Hegel in my philosophic thinking.

Chairman Mao:

Both Hegel and F, who came a little later after him. They were both great thinkers. And Marxism came partially from them. They were predecessors of Marx. If it were not for Hegel and F, there would not be Marxism.

The Secretary:

Marx reversed the tendency of Hegel, but he adopted the basic theory.

Chairman Mao:

What kind of doctor are you? Are you a doctor of philosophy?

The Secretary:

Yes (laughter).

Chairman Mao:

Yes, well, then won't you give me a lecture?

The Secretary:

I think the Chairman knows much more philosophy than I. And he has written profoundly about philosophy. I used to shock my colleagues, Mr. Chairman, by assigning essays from your collected works, in my courses in the 1960s at Harvard.

Chairman Mao:

I, myself, am not satisfied with myself. The main thing is that I don't understand foreign languages and, therefore, I am unable to read books of Germans or Englishmen or Americans.

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The Secretary:

I can't read German in its original form. I must translate into English, because it is too complicated in its original form. This is quite true. Some of the points of Hegel - quite seriously -- I understand better in English than German, even though German is my mother language.

Prime Minister Chou:

Because of the intricate structure of the German grammar, it is sometimes gets misinterpreted if one doesn't understand the grammar correctly. Therefore, it's not easy to understand the German language and especially the reasoning of various works.

Chairman Mao:

(To Prime Minister Chou) Don't you know some German?

Prime Minister Chou:

I learned in my youth; now I've forgotten it.

The Secretary:

German sentences are long, and the grammar is involved. Therefore, it's easier to understand English than German. One of the characteristics of the German language...

Prime Minister Chou:

Yesterday, a few of those who know German were joking together that German sentences are so long in length that there are quite a few pages, and one does not understand the sentences until you find the final verb, and the verb is at the very end. That, of course, is exaggerated. One sentence does not take several pages.

Chairman Mao:

[Did you meet Kuo Mo-juo who understands German? Now we are discussing Hegel, and I give you an opinion.]

The Secretary:

I don't know the gentleman that the Chairman was mentioning.

Chairman Mao:

He is a man who worships Confucius, but he is now a member of our Central Committee.]

Let's go back to Hegel. In Hegel's history of philosophy, he mentioned Confucius who he showed great disrespect. He showed more respect for Laotze, but he showed the greatest

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respect for the philosophy of Indian Buddhism.

The Secretary:

I don't quite agree with him (the Chairman) on that last point. That's a very passive philosophy.

Chairman Mao:

And I also believe that that was not a correct way of saying. And this is not only true of Hegel.

The Secretary:

There is a sentimental love affair between Western intellectuals and India based on a complete misreading of the Indian philosophy of life. Indian philosophy was never meant to have a practical application.

Chairman Mao:

It's just a bunch of empty words.

The Secretary:

For Ghandi, nonviolence wasn't a philosophic principle, but because he thought the British were too moralistic and sentimental to use violence against. They are nonsentimental people. For Ghandi it was a revolutionary tactic, not an ethical principle.

Chairman Mao:

And he himself would spin his own wool and drink goat's milk.

The Secretary:

But it was essentially a tactical device for him.

Chairman Mao:

And the influence of Ghandi's doctrine on the Indian people was to induce them into non-resistance.

The Secretary:

Partly, but also given the character and diversity of the English people, it was only a way to conduct the struggle against the British. So I think Ghandi deserves credit for having won independence against the British.

Chairman Mao:

India did not win independence. If it did not attach itself to Britain, it attaches itself to the Soviet Union. And more than one-half of their economy depends on you. Did you not mention during your briefings that India owes ten billion dollars in debt to the U.S., or was that all debts?

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The Secretary:

That was all debts together. It's not \$10 billion but closer to \$6 billion. I will have to check. I thought it was \$10 billion to everybody, of which India owed 60 percent. But you may be right. I have to check. (To Lord: can you check, Win?)

Prime Minister Chou:

That includes the rupee debt.

The Secretary:

Including the rupee debt, that is correct. Yes. And one can mention the dollar debt, too.

Chairman Mao:

I recall your President told us the various debts at the World bank were \$10 billion.

The Secretary:

Yes. When one includes the unilateral debts and the rupee debts and the bilateral debts, then it is \$10 billion and probably a little more even.

Chairman Mao:

That is also something you've imparted to me. In the past, I had not known that. And if you come to China again, besides talking politics, talk a bit of philosophy to me.

The Secretary:

I would like that very much, Mr. Chairman. That was my first love, the study of philosophy.

Chairman Mao:

Perhaps it is more difficult to do now as Secretary of State.

The Secretary:

Yes.

Chairman Mao:

And they say you are a galloping horse whose hooves never stop (laughter).

The Secretary:

He (Prime Minister Chou) called me a "cyclone" (laughter).

Chairman Mao:

There is a cyclone around the world.

The Secretary:

Your Vice Foreign Minister told me your views, Mr. Chairman, about the Arab world when he talked to me in October, and I paid great attention to them.

Chairman Mao:

That is the matter of my discussions with the Vice President of Egypt which was somehow gotten hold of by Lord Chias (laughter).

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The Secretary:

He didn't tell me who he had talked to.

Chairman Mao:

It was Shafei. Did you see him?

The Secretary:

I saw Sadat and two or three others.

Chairman Mao:

At that time I was trying to persuade him to get closer to you, because I noted that after you announced your position as Secretary State and you'd only been that a few days, you met the Arab Foreign Ministers and later on invited them to lunch. Only the Foreign Ministers of Iraq Syria, Libya, and South Yemen declined. I think even Egypt accepted.

The Secretary:

That is correct.

Chairman Mao:

That is why I was following behind you (laught. I was very happy that you entertained those Arab Foreign Ministers.

The Secretary:

Yes. It was my first official function.

Chairman Mao:

And your predecessor, the previous Secretary, I think did ~~the same~~ so.

The Secretary:

He was interested, but I ~~don't~~ think he ever had them as a group.

Chairman Mao:

And these Arab countries, which spread up from the Atlantic to the Persian Gulf, account for more than a hundred million people.

Prime Minister Chou:

The population is now one hundred and fifty million.

Chairman Mao:

And they are composed of 19 countries.

The Secretary:

And we are making a major effort to improve our relations with them and take this very seriously.

Chairman Mao:

And the difficulties are also great because these countries are both united and engaged in internal struggles. It is not so easy to deal with.

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The Secretary:

Libya quarrels with all its neighbors.
(Prime Minister Chou leaves the room.)

Chairman Mao:

Perhaps he's that kind of cock that loves fighting. That's the way Krushchev cursed us. He said we were a cock that liked fighting.

The Secretary:

He did not have a very successful visit here in 1959.

Chairman Mao:

We fell out by 1959. We began to fall out in 1958 when they wanted to control China's sea-coast and also China's naval ports. And during my discussions with them, with their Ambassador, I almost slammed the table, and I gave him hell (laughter). And he reported that to Moscow and Krushchev came. At that time, he put forth the notion of a joint fleet that is, for the Soviet Union and China to form a joint naval fleet. That was the suggestion he raised. And at that time, he was quite arrogant because he had seen General Eisenhower who was President, and he attained the so-called summit of Camp David." And he boasted to me in Peking that he got to know the President and the two English words concerning President Eisenhower were that he was "my friend." (To Ambassador Bruce: You knew that?

Ambassador Bruce:

No, I never knew that.

Chairman Mao:

And also a piece of news. Since then, he never came again. But he had been to Vladivostok and he went there from China.

Prime Minister Chou:

There he made an anti-China speech.

Chairman Mao:

None of the present leaders of the Soviet Union have been as far eastward as Vladivostok. Kosygin himself has said he is not quite clear about matters in Siberia. (The Chinese check the time.)

Prime Minister Chou:

It's been two and one-half hours.

Chairman Mao:

And there's another issue I would like to discuss with you. It seems today we have talked

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too long. Over two and one-half hours. We have taken up time originally set aside for other activities. (Note: He meant Ambassador Bruce's reception.) The question I would like to discuss is that I am quite suspicious that if the Democratic Party comes into office, they will adopt the policy of isolationism.

The Secretary:

That is a very serious question, Mr. Chairman. I think there may be trends now among the intellectuals and some Democrats in the direction of isolationism. On the other hand, objective realities would force them to understand that there is no alternative to our present policy. Now, what damage would be done until they learned this, and whether they would continue with the same tactical complexity, this I don't know. But I think they would pursue the present course. (The last sentence is not translated.)

Chairman Mao:

Then you seem to be in the same category as myself. We seem to be ~~more~~ or less suspicious.

The Secretary:

I'm suspicious, and I have some questions about some leaders. But I believe the overwhelming necessity of the situation will force us to return to the policy we are now pursuing.

But this, Mr. Chairman, is why I believe we should use this period, when all of us are still in office and understand the situation, to so solidify it that no alternative will be possible anymore.

Chairman Mao:

And this is mainly manifested in that one point -- that is the advocacy of troop withdrawals from Europe.

The Secretary:

Yes.

Chairman Mao:

This will be a great assistance to the Soviet Union.

The Secretary:

We will not carry it out in our Administration. It occurs in two things, the troop withdrawal:

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from Europe and may be a less of a willingness to be very brutal very quickly in case there is a challenge.

Chairman Mao:

What you mean by "brutality" is probably going to war.

The Secretary:

If necessary, but....

Chairman Mao:

I am not happy you are putting up a diplomatic front to me.

The Secretary:

If necessary, but our experience has been that, if they know we are going to war, they draw back. Up to now, they've always been afraid of us.

Chairman Mao:

Because I also think it would be better not to go to war. I'm not in favor of that either though I'm well known as a warmonger (laughter). If you and the Soviet Union fight a war, I would also think that would not be very good. If you are going to fight, it would be better to use conventional weapons, and leave nuclear weapons in the stockpile and not touch them.

The Secretary:

[We will not start a war in any event.]

Chairman Mao:

That's good. I heard you put forward the opinion before that you want to gain time.

The Secretary:

We want to gain time, but we also want to be in a position that, if the Soviet Union attacks any major areas we discussed, we can resist. And it's in those circumstances we have to be prepared.

Chairman Mao:

That's entirely correct. [As for the Soviet Union, they bully the weak, and are afraid of the tough.] (Laughter as he points to Miss Wang and Miss Tang.) And you shouldn't try to bully either Miss Wang or Miss Tang because they are comparatively soft.

The Secretary:

Mr. Chairman, in my experience they are not very soft. They also don't carry out the Chairman's advice (laughter).

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Chairman Mao:

She (Miss Tang) is American, while she (Miss Wang) is a Soviet spy (laughter).

(The Chairman then got up unassisted and escorted the Americans to the outer lobby. He said goodbye to the Secretary, Ambassador Bruce, and Mr. Lord in turn, and asked photographers to take pictures. As he shook hands with the Secretary, he said "and please send my personal greetings to President Richard Nixon." The Secretary said he would do that. Ambassador Bruce and Mr. Lord indicated that it was a great honor to see Chairman Mao. The Chairman mentioned to Mr. Lord that he had met him before, and Mr. Lord acknowledged this.)

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DEPARTMENT OF STATE
Washington, D.C. 20521

ADD'S REVIEW

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MEMORANDUM OF CONVERSATION

11/15/73
3-8 130

PARTICIPANTS:

Prime Minister Chou En-lai
Foreign Minister Chi Peng-fei
Vice Foreign Minister Chiao Kuan-hua
Assistant Minister of Foreign Affairs
Wang Hai-jung
Two Chinese Foreign Minister Officials
Tang Wang-shen, Interpreter
Shen Jo-yen, Interpreter

Chinese Notetaker

Henry A. Kissinger, Secretary of State

Ambassador David Bruce, Chief, U.S.
Liaison Office

Ambassador Robert Ingersoll
U.S. Embassy Tokyo

Winston Lord, Director of Planning and
Coordination, Department of State

Alfred Jenkins, U.S. Liaison Office

DATE AND TIME:

Monday, November 12, 1973
3:00 - 5:30 p.m.

PLACE:

Guest House Villa #3, Peking
Peoples Republic of China

CLASSIFIED BY FRANK WISNER
DATE TO GENERAL DECLASSIFICATION
ORDER 11662
EXEMPTED AT TWO-
DECEMBER 31, 1990

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PA Exemptions

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Secretary Kissinger:

I have the answer for you, Mr. Prime Minister, on the production of planes in Taiwan. It is not a production of airplanes but an assembly for which we supply the parts. And it is for short-range fighter aircraft which will not increase the total number of airplanes on Taiwan. When we stop supplying the parts, they will no longer be able to produce them. So in practice it is different than giving them the airplanes. They have no independent capability for producing the airplane being developed. And that is true of all other co-production arrangements. It is an F5E, and there are to be 100 for a period between 1973-1978.

Prime Minister Chou:

In this way Chiang Ching-kuo will be reassured.

Secretary Kissinger:

Our impression is that he (Chiang Kai-shek) is not active today.

Prime Minister Chou:

It is impossible for him to be, and it is difficult for him to live for another five years. But I am not asking him to die. He can live as long as he wishes. If he wishes he can live to be 100. What I meant was in that way Chiang-Ching-Kuo will be reassured because he could rule the country until 1978.

Secretary Kissinger:

We have no plans on this plane, on this project, beyond 1978.

Prime Minister Chou:

You say it is a short distance one. Actually, the radius can stretch as far as 180 kilometers. That is the fighting radius.

Secretary Kissinger:

And come back? One way, it is possible, but not to come back.

Prime Minister Chou:

If he has a refueling tank, he will be able to come back.

Secretary Kissinger:

F5E?

Prime Minister Chou:

Yes. It does not matter even if the plane is bigger. I just wanted to make clear whether it is an assembly plant.

Secretary Kissinger:

It is an assembly plant, not a production. We supply the parts. They do not produce the parts. So they have no independent capability.

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Prime Minister Chou: Is Japan able to produce planes like this or greater?

Secretary Kissinger: Japan has not produced any planes like this, but it certainly has the capability. I have to check but -- do you know, Ambassador Ingersoll if we have some co-production?

Ambassador Ingersoll: Not on the F5s; on the F4s.

Secretary Kissinger: They are producing F4s. F4s have radius to reach effectively. The F5 is not a bombing plane. The F4 can be used effectively for bombing.

Prime Minister Chou: Actually, the F5E is also capable of bombing. The only difference is, it is lighter. The F4, which is the Phantom type, can carry greater weight.

Secretary Kissinger: Yes. The F4 can carry greater weight.

Prime Minister Chou: But the distance is the same for both.

Secretary Kissinger: I don't believe this. I really don't have the characteristics in mind. We have always considered it, strategically thinking, that the F5 is pure a fighter plane, with no bombing capability. We use it for tactical support.

The F4 is something we call deep interdiction which goes further behind the line and has a strategic impact, but I don't know the exact characteristics. In our own strategic planning for Vietnam, for example, the F5 was always considered to be used for support of ground troops at the front line with bombs, and the F4 for the interdiction of communications because it has a heavy bomb load, and I thought it had a longer range. I will have to check on that. I will have the answer tomorrow.

Ambassador Ingersoll: The F4 is refuelable.

Prime Minister Chou: It does not matter. It would be pretty good if it could be delayed for another five years, because in that way they can envisage it for another five years. In that case, your recent word will be able to be realized in this way: It will

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not give rise to the ambitions of a third country. I see it in this way. It does not matter whether it is 100 planes or 200 planes.

And there is, of course, another point. It could be allowed to attack the Mainland, but if they insist on attacking the Mainland, we welcome them. Let them have a try.

Secretary Kissinger: You have our assurance they will not be allowed to attack the Mainland. If they do, they will lose American support completely.

Prime Minister Chou: If they ever try to do that, they will do it unilaterally.

Secretary Kissinger: There will be no attack nor an American-sponsored attack in the future or any attacks that our President can control.

Prime Minister Chou: What you told me yesterday has already been reported to the Chairman. There was one point that I did not explain very much because I did not entirely understand. Yesterday you mentioned that there was a possibility of finding, that you would like to find, a way with regard to our bilateral relations to find some wording similar to the Shanghai Communique or slightly altered that would be able to promote the development of our relations. I did not have the opportunity to issue a communique or some other form?

Secretary Kissinger: I wanted to ask the Prime Minister whether he thought it appropriate to issue a communique at the end of my visit and if so we will be prepared to do this. My comment was in reference to the establishment of formal diplomatic relations. We cannot go faster than the schedule which I gave you if it is on the Japan formula. However, if we could find a formula which is more flexible, as long as we understand that we will end up there, we are prepared to establish diplomatic relations sooner.

Prime Minister Chou: Yesterday you mentioned that you also reaffirmed that you would not support the idea of two Chinas. Under this condition, what kind of flexible formula have you in mind? It is also a difficult problem to us. Perhaps you have worked out a good idea

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Secretary Kissinger: No, I have not actually yet worked out a good idea. If the Prime Minister would like, I might submit one to him later today after I have had an opportunity to meet with my colleagues. I have in mind something like the Shanghai Communique which would make clear that the establishment of diplomatic relations does not mean giving up the principle that there is only one China.

Prime Minister Chou: She (the interpreter) had made a good guess of what you meant. When we were with the Chairman I dared not explain the statement, but she dared to make an explanation of the statement.

Secretary Kissinger: As I understand it, Mr. Prime Minister, your problem in having diplomatic relations while we have relations with Taiwan is that it might give rise to a two-China policy which we have agreed not to support. What we should search for is a formula for consideration that makes clear that that principle is not being abandoned; that there is only one China by either side.

Prime Minister Chou: She (the interpreter) has guessed very correctly what you think.

Secretary Kissinger: Yes.

Prime Minister Chou: So the elder people are not as good as the younger people.

Secretary Kissinger: She had a long talk with Mr. Lord on the airplane.

Mr. Lord: We had our own counterpart talks.

Interpreter: Another matter was discussed on the plane.

Prime Minister Chou: There is another matter that is mentioned concerning the Consulate General. Perhaps you have not made an investigation concerning this point. As far as we know, there are twelve in all at the moment. Originally there were ten. Recently they have added two.

Secretary Kissinger: I know of one in New York.

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Mr. Jenkins:

There is one in Atlanta.

Secretary Kissinger:

This one must be in honor of Mr. Jenkins.

I have not paid attention to the one in New York. And our interpretation, which we made to ourselves, is the one which I gave you yesterday: that the Taiwan authorities are preparing for the day that we will move toward the sole recognition of Peking; a day which we know is inevitable. At that time, they want to have a representation in America that permits them to continue exchanges with us, and I believe for that reason they have chosen the Consulate General in New York, since it would be inappropriate to have it in Washington. That was our own interpretation.

And our own internal interpretation of it also was that this was envisaged as a possible contact point with the People's Republic of China whenever discussions would take place.

Interpreter:

You mentioned yesterday a point of contact with Chaing Kai-shek.

Secretary Kissinger:

A contact point to the United States after we have moved, say from no later than the middle of 1976, and secondly, a possible point at which the Taiwan authorities would negotiate with the People's Republic of China. This is not based on knowledge but on our interpretation of their motives. This second interpretation may be wrong.

Prime Minister Chou:

That is just an idea.

Secretary Kissinger:

It is our own analysis of the problem.

Prime Minister Chou:

Is there anything you would like to tell me first.

Secretary Kissinger:

I have some information now on the rupee negotiations situation which you were interested in. Our difficulty was that we could not spend all the rupees we had accumulated. And, therefore, what we did was to settle for 35 percent of the total amount of rupees in these blocked accounts that could be spent only in India, but even that will take us twenty years to spend. The real difficulty was that we

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permitted such huge debts to accumulate without analyzing what we could ever do with them. There was also a speed-up in dollar debts that they owed us, but of a much smaller amount. That was the basic reasoning of that.

Prime Minister Chou:

So the phenomenon in India..you do not have the similar phenomenon in other countries.

Secretary Kissinger:

Not to quite the same extent. We had it in Japan, but it is being settled. We do have another phenomenon in other countries where aid loans that were given over a period of years become repayable and where, in effect, we give more aid so that they can repay the loans; and when we don't give aid they don't repay the loans so they get aid anyway. For example, we helped Pakistan, which holds a substantial amount of our money, by rescheduling its debt after the 1971 war which was a way really of giving it additional money.

Two other small items. I understand that Ambassador Huang Hua has already met a representative from our Mission, and as I understand from our telegram, they have had a satisfactory meeting. If that is not correct, we will change it. We will give appropriate instructions. I think they have achieved an adequate understanding.

Prime Minister Chou:

Thank you, and we have heard about this point.

Secretary Kissinger:

Your information is the same.

Prime Minister Chou:

The same.

Secretary Kissinger:

We will proceed. We have instructed our Mission that we follow Ambassador Huang's recommendation so you have the initiative as to timing.

The only other item I have is that I understand that in these talks on the private blocked assets, there is only one item that is still unsettled which has to do with your proposal that blocked assets belonging to third country banks be excluded from the

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settlement. That is one item that is impossible for us to accept because we could never get Congressional approval for the agreement if that item were excluded.

Prime Minister Chou: It seems the third countries have already given us the money. What shall we do? Give them back the money?

Secretary Kissinger: Our people believe that they can sue those banks and get the money.

Prime Minister Chou: Take for instance, Belgium.

Secretary Kissinger: Yes, I know. That is the primary problem.

Prime Minister Chou: The figure is not very big but they were very... once they established diplomatic relations with us, they gave us the money.

Secretary Kissinger: But illegally from our point of view.

Prime Minister Chou: For us, it is legal.

Secretary Kissinger: The difficulty for us is it would reduce the pro rata payments from 40 percent to 25 percent which we do not believe Congress would accept.

Prime Minister Chou: Do you mean that by excluding the money given to us already by the third country banks there is only 25 percent left?

Secretary Kissinger: Then I think it would be about 22 percent in blocked assets as against private claims. While with that money it would be about 40 percent. And our experience has been that the Congress would not approve a settlement that was as low as 22 percent.

Prime Minister Chou: But to us the figure is very small. Up to now I still find it difficult to understand the proportion of the taxes levied between those countries which you have given most favored nation treatment and those which you have not. To me, that is if we are not given most favored nation treatment your taxes are different.

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Secretary Kissinger:

We are in principle prepared to grant you most favored nation treatment. However, we have not been able to do this in the past when there were outstanding claims. If this settlement were made, we would in principle be prepared to grant most favored nation status to the PRC. The difficulty that now arises with most favored nation has nothing to do with China, but people who are adding amendments which are aimed at the Soviet Union which may apply to the PRC even though the people may be favorable to the PRC. Like Senator Jackson. I will have to have a meeting with Senator Jackson as soon as I return to remove those obstacles. I know he has no intention of directing his measures against the PRC. His measures are against the Soviet Union. Insofar as the administration is concerned, we are prepared to grant most favored nation status to the PRC, and we are prepared to grant them the same economic status as the Soviet Union.

Prime Minister Chou:

Whereas just now you talked politics with me, as to the point you mentioned, I fully understand it. Because what I want to know is financially speaking does the most favored nation treatment mean the reduction of taxes?

Secretary Kissinger:

From the United States? There are not any export taxes. We don't have any export taxes.

Prime Minister Chou:

It is limited to import taxes?

Secretary Kissinger:

Yes.

Prime Minister Chou:

What is the difference between the taxes levied on those countries which enjoy the most favored nation treatment and those who do not enjoy that treatment?

Secretary Kissinger:

I will have to check, but it is substantial and it varies; but in several categories it is very substantial. I will have the answer for you tomorrow.

Prime Minister Chou:

You give most favored nation treatment to Japan

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Secretary Kissinger: Yes. We give it to about 100 nations.

Prime Minister Chou: They belong to different categories.

Secretary Kissinger: The socialist states were excluded after the Korean War. This is really the origin of the discrimination.

Prime Minister Chou: And Yugoslavia?

Secretary Kissinger: Yes. We have given it to Yugoslavia and to Poland.

Prime Minister Chou: And Romania?

Secretary Kissinger: No, but we will give it to Romania. Romania has had to wait because in the past in order to get most favored nation status we have had to submit a separate bill to the Congress for each country. We have not submitted a bill to the Congress which gives the Executive Branch the discretion to grant most favored nation status to any country and that bill is still before Congress. We would prefer to be able to do it on a general basis, but, if necessary, we still have the possibility of introducing action for individual countries.

Prime Minister Chou: But as far as the bill for giving most favored nation treatment to the Soviets, it has been postponed.

Secretary Kissinger: Mr. Prime Minister, this is not a bill to give most favored nation....

Prime Minister Chou: It is demanded by your government.

Secretary Kissinger: It is not a bill to give most favored status to the Soviet Union but a bill to give the Executive Branch the discretion to give it to almost anybody and therefore the Soviet Union. I can explain to the Prime Minister the complexity which led us to the postponement of that bill. The reason is that in the Senate we expect an amendment sponsored by Senator Jackson which would not only not enable us to give most favored nation status to the Soviet Union but would also limit the possibility of credits, and is so written that it would also apply to China. Jackson has not thought of thi

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It refers to emigration. Jackson is thinking of the Jewish problem. We have to find a refinement of this bill. In order to do this we have to get a maximum difference between the House and the Senate so when these two bills become reconciled there is an area of negotiation. Therefore, we first asked the House to eliminate most favored nation completely. When they did not do this, we asked them to postpone consideration of the bill for two reasons. One, to have some control of Soviet behavior on the Middle East, and secondly in order to enable us to discuss with the Senators and Congressmen the fact that we have written a bill which they are aiming at the Soviet Union but which applies to too many other countries and therefore defeats its own purpose. But it will definitely come to a vote no later than the first part of February.

Prime Minister Chou:

We will make a study of this question. There is only one item left, and there is no other question as to the blocked assets.

Secretary Kissinger:

Yes. One item. That is the only item. I think the other questions can be settled. You raised the third question. We can settle two of them.

Prime Minister Chou:

I like to make several clarifications on some international questions. As we have discussed the situation in the Middle East, it is complex. Yesterday you mentioned the two steps to be taken and the first step is to carry out the disengagement of military forces, and the agreement has already been signed between Egypt and Israel.

Secretary Kissinger:

No, Mr. Prime Minister. There are three steps in that sense. The first is stabilizing the ceasefire. Then peace negotiations begin. These peace negotiations will have two steps. A first step is what we call disengagement of forces, but whose real purpose is to move the Israeli forces back some distance, and a second step which settles the final border.

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Prime Minister Chou: And there is also the question of carrying out the observed ceasefire on the part of Syria. They will also sign it?

Secretary Kissinger: Yes. Syria has already agreed to the ceasefire. But we believe that Syria should become an integral part of the negotiations and our impression is that it is prepared to be.

Prime Minister Chou: Then, when it comes to the discussion of disengagement of military forces will there be a conference held for discussing of this question or will it be discussed separately?

Secretary Kissinger: No, it will be the first phase of the peace conference. But, as I explained to the Vice Minister this morning, and I believe to you yesterday, my judgment is that the formal peace conference will not be much more productive than the formal Vietnam Conference. And it is probable that the real negotiations will take place separately outside the formal framework. As I explained to the Vice Minister this morning, the problem is that at the formal conference, the Soviet Union will probably attempt to regain some of the territory it has lost by taking rather extreme positions. Therefore, it may be necessary for us on occasion to create a stalemate in order to demonstrate that this is not the road to a settlement.

Prime Minister Chou: Will Britain and France take part in the conference?

Secretary Kissinger: It is not finally settled yet. I would doubt it because Israel will not participate if Britain and France participate. But Britain and France may move to a position closer to the Soviet position. So it is not such an asset to have them there.

Prime Minister Chou: But in their public opinion they have expressed their desire to take part in the conference.

Secretary Kissinger: There is always, as I told you yesterday, a difference in what they say publicly and what they say privately. Not always, but very often

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Prime Minister Chou: In order to meet their demands at home?

Secretary Kissinger: Yes. We will not exclude them if they want to participate and if the others want them. We have no reason to exclude them. But frankly, I cannot imagine a settlement occurring in a public forum of this composition. With so many different groups represented as it is.

Prime Minister Chou: It seems that among the Arab states they have also quite a few extremist positions.

Secretary Kissinger: Yes. Iraq and, to some extent, Algeria.

Prime Minister Chou: Libya.

Secretary Kissinger: Libya, Southern Yemen. Libya was not exception ally heroic during the war, but its courage has increased as the ceasefire has been prolonged.

Prime Minister Chou: Libya has not severed relations with you?

Secretary Kissinger: No. They have only made impossible the life of the people who are there. They are very anti-Soviet.

Prime Minister Chou: He is also a friend of Chaing Kai-shek.

Secretary Kissinger: Really? This I did not know.

Prime Minister Chou: A very peculiar phenomenon. But we don't look into that matter. There are so many queer things in the world. Is that the companies in the United States which have investments in oil sources in Libya?

Secretary Kissinger: There are many European countries that also have investments there, and most of the Libyan oil goes to Europe, not to the United States. Only 12 percent of our oil comes from the Middle East. Most of that comes from Saudi Arabia.

Ambassador Ingersoll: And Iran.

Secretary Kissinger: Six percent. We get another 6 percent from Iran.

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Prime Minister Chou: So the total proportion would be nearly 20 percent?

Secretary Kissinger: Yes. Eighteen percent.

Prime Minister Chou: What do you think of King Faisal?

Secretary Kissinger: A complex phenomenon.

Prime Minister Chou: He is also an old friend of mine and I came to know him very well at the Bandung Conference.

Secretary Kissinger: A very complex man. Of a previous period. Very principled, but in a very traditional framework. He is in a very complex situation because he is encircled on the one hand by Iraq on the north and South Yemen on the south. So he is very vulnerable to the radical states. On the other hand, emotionally, he is a good friend of the United States. My impression is that he is attempting to find a way to escape from the policy he adopted in the war. I think he will find a way in the next month or two. I am talking about the oil policy, escape from the oil policy.

Prime Minister Chou: The Japanese oil is from Iran and Kuwait.

Ambassador Ingersoll: They get about 85 percent of their oil from the Middle East as such. About 40-45 percent from Iran and the balance from Iraq and others. Five percent from Indonesia, Borneo and Eastern Europe.

Secretary Kissinger: We have started a major program to reduce, and to eventually eliminate, our dependency on oil from abroad. We believe that we can successfully conclude this within this decade.

Prime Minister Chou: That would be a very grand plan, and you will have to economize in the United States with oil.

Secretary Kissinger: We are doing this. You may have seen the President's speech. There may be an interim period where we have to economize on the use of oil. We are trying to liquify coal, for which we have the scientific way to do this, but we must make it economically feasible. We will use oil shale and rely on Alaskan oil and oil from Canada. With this combination, we believe we can be self-sufficient

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by the early 1980s.

Prime Minister Chou: The production cost is very high for liquified coal.

Secretary Kissinger: Yes, but we expect to reduce that cost very substantially during this decade. We know the scientific principle. It is primarily a production problem. On engineering problems we are very good.

Prime Minister Chou: Is it true that most of the oil from Venezuela goes to your country?

Secretary Kissinger: Yes, a substantial part.

Ambassador Ingersoll: I was going to say that the increase in the price of oil in the Middle East is making it economical to use this liquified coal and the shale. It is an incentive for us to work harder at it.

Prime Minister Chou: What is Japan going to do?

Ambassador Ingersoll: They wish they knew. They have been trying to diversify for a long time, but they have not many other sources for oil than the Middle East.

Secretary Kissinger: We may be prepared to share with Japan in some common research and development on alternative resources, and also on some joint ventures on nuclear energy.

Prime Minister Chou: But at the beginning, perhaps the cost is also very high.

Secretary Kissinger: Of what? Of nuclear energy, yes. At the beginning, but we have that under study. I think the installations are very expensive, but if the cost of the nuclear fuel can be reduced, of which there is a good possibility, then it becomes much more economical.

Prime Minister Chou: It would be better if there are any by-products.

Secretary Kissinger: Unfortunately, most of the by-products are most useful for nuclear weapons.

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Prime Minister Chou:

That is also a subject for debate between the two big powers. Do you really believe that the Soviet Union will reduce her quantity of nuclear weapons?

Secretary Kissinger:

The first problem is to stabilize the number of nuclear weapons because they are still increasing the number. And, of course, they have the theory that they need nuclear weapons for more than one threat. So we believe in the strategic arms limitation talks. We first have to place a ceiling on the total number of weapons, and then bring about a gradual reduction.

In the first phase of the agreement, the Soviet performance has been, to put it kindly, ambiguous. They are supposed to destroy one category of weapons as replacement for submarine-based weapons called SS7s. They are old. And they have destroyed a few of those, but they appear to have replaced them with mobile missiles which are technically not banned by the agreement but which are certainly not in the spirit of the agreement. If this continues, we will have to take countermeasures, and then the agreement will be meaningless. We will put missiles into airplanes which is also not banned by the agreement.

Prime Minister Chou:

About the Korean question. At first, I intended to discuss it at some other occasion, but now I think we had better discuss it. What is your idea of the next step to be taken? I am not referring to the step taken this year. I am referring to the step that will be taken in the future. There is an Armistice Committee at the demarcation line, and this Committee meets often. What do you think will be a way out for that?

Secretary Kissinger:

Our problem with respect to the United Nations is that its disappearance would also remove the legal basis for the armistice.

Prime Minister Chou:

That is why I was asking. What form would it take in order to settle the question of the Armistice Committee? If you have not anything in your mind, we had better not discuss it today.

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Secretary Kissinger: I do not have a concrete proposal, but we are prepared to discuss it over the next year on the schedule we have discussed.

Prime Minister Chou: But there is an advantage here that the Soviet Union has not had a hand in the Korean question

Secretary Kissinger: I cannot judge on the North Korean side.

Prime Minister Chou: You can or cannot?

Secretary Kissinger: We do not have a judgment.

Prime Minister Chou: But it is possible that there would be minor troubles, but one cannot find a legal basis for that because the Soviet Union is not a participant to the armistice agreement. Because there were only four parties which signed the armistice agreement, but it was fortunate that the Soviet Union was not a participant in that. So over the last twenty years nothing -- no troubles had occurred with regard to the armistice agreement. Although Dulles refused to settle this question, peace has been maintained over more than twenty years. This has given Korea an opportunity to move towards peaceful communication. Of course, this is something that will call for a long period of time before it can be settled.

Anyway, a way must be found out how to settle this. We should pay attention to this question.

Secretary Kissinger: We will work with you during the next year to find a solution to the question of the legal basis of the armistice, and we will do that. We will make a major effort before the next General Assembly to come to an agreement with you on that issue. Should we discuss this with Ambassador Huang Chen? Of course, Ambassador Bruce will also be instructed on this.

Prime Minister Chou: But we think that the members of the four nations with the Advisory Committee are very comfortable. They were just stationed there, without asking to withdraw from Korea, whereas the Canadians have been withdrawn from Vietnam and they stayed there for quite

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a long period of time. The International Committee has been there for a long time with nothing to do. That is why members often came to Peking. Who pays the expenses for those? The Vice Minister also took part in the negotiations then.

I would like to ask you a question. It has been proven that expansionism in the world is doomed to failure. But the Soviet Union wants to follow in the steps of their predecessors, and they want to overtake them and they are stretching their hands everywhere. Do you think this can be stopped?

Secretary Kissinger: I think it is a difficult problem of this period.

Prime Minister Chou: It is also a crucial issue.

Secretary Kissinger: It is the most crucial issue. I told the Vice Minister in the car today that I had no illusions, for example, that in the Middle East, if it were not for the Soviet Union, you and we would have quite different views. But we have a first objective to prevent the domination by the Soviet Union. I believe if the countries that are potential victims of expansionism cooperate in a formal way, but they have to understand the main lines of each other's policy. I believe that major military expansionism can be stopped. That is our policy -- to resist if the Soviet Union engages in a major military movement. But I think it can be stopped.

Prime Minister Chou: Do you mean that it is not easy to stop political expansionism?

Secretary Kissinger: The political expansionism is more difficult to stop.

Prime Minister Chou: For instance, the so-called friendship treaty between the Soviet Union and India.

Secretary Kissinger: I think the political expansionism can also be stopped if one pursues an intelligent policy and if the countries against which it is directed keep in mind the principal requirement. I think if you, we and Western Europe understand

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each other, and if we behave intelligently in other parts of the world, we can contain Soviet expansionism. I don't believe that Soviet policy is very intelligent. It is very brutal, but not very intelligent.

Prime Minister Chou: But sometimes they have put on many masks.

Secretary Kissinger: Yes, but sooner or later the brutality comes forward.

Prime Minister Chou: But so far as the Soviet Union itself is concerned this is perhaps their main aspect.

Secretary Kissinger: Brutality?

Prime Minister Chou: But as for their opponents, things will be complicated. For instance, it will not be so easy for the Western European countries to share their common view.

Secretary Kissinger: Of the three major components that I mentioned, the West Europeans are the weakest link in terms of their understanding. But on the other hand, they are also the most difficult area for the Soviet Union to attack. So they are trying to undermine them by such measures as the European Security Conference and other negotiations. And what the Prime Minister has to understand is that if in these efforts we keep slightly to the left of the West Europeans, this is a means to prevent them from going further because then they will be afraid we will make a separate arrangement with the Soviet Union and that will worry them sufficiently so that they start thinking about their own defense.

Prime Minister Chou: You also mentioned this point the day before yesterday and also yesterday. But as for this point, the people would not be able to comprehend it.

Secretary Kissinger: I admit to you, Mr. Prime Minister, that this is the great danger in the present course. If at the same time we do two things, if we insist that the discussions are very detailed so that they cannot have many symbolic successes, and if secondly, we resist brutally whenever there is the slightest military

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threat, that danger can be reduced if not eliminated. I forgot, of course, to mention Japan which is a very crucial one.

Prime Minister Chou: Although it is crucial, the reaction would not be as quick as the European countries.

Secretary Kissinger: No. If they are not submitted to too many temptations by having too many pressures put on them from too many sides, I think they can be kept on their present course. I think you and we have acted wisely in this direction.

Prime Minister Chou: Because it is easier than dealing with the Western European countries.

Secretary Kissinger: Yes. They are a tougher people. And then, of course, we have to build this southern axis through the Near East.

Prime Minister Chou: It seems you will have to make a very great effort towards this end. It is not easy to do that.

Secretary Kissinger: No, but we are prepared to do more with Turkey as soon as its governmental crisis is overcome.

Prime Minister Chou: So the crisis is not yet over?

Secretary Kissinger: They still don't have a firm government. And they did not behave very strongly during during the Middle East crisis. They permitted Soviet airplanes to fly over their territory.

Prime Minister Chou: It is said so. Is that bridge across the strait built by you?

Secretary Kissinger: It is now open -- over the Bosphorous -- it was opened on October 3. I don't know whether it was built by us. I don't know.

Prime Minister Chou: I learned of it from the television.

Secretary Kissinger: Did it say so?

Prime Minister Chou: It did not say so, but perhaps with your help.

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Secretary Kissinger:

I don't know. I would not be surprised. I don't have the same attention for detail as you, Mr. Prime Minister. But I would suspect so. We will find out overnight.

Prime Minister Chou:

Of the four fleets owned by the Soviet Union, three are in the Mediterranean.

Secretary Kissinger:

Yes and a part of the Atlantic Fleet came in during the crisis. They had over one hundred ships in the Mediterranean at the height of the crisis. At one point they had over 103. They are now withdrawing them.

Prime Minister Chou:

It is difficult for them to move about because they are separated from each other. Not linked together.

Secretary Kissinger:

The Russian fleet is the only fleet in modern history that has ever surrendered. It surrendered to the Japanese in 1903.

Prime Minister Chou:

The war was started in 1904.

Secretary Kissinger:

But they surrendered in 1903 because they had to come around from St. Petersburg. They first sank some British fighting vessels, thinking the Japanese had come into the English Channel to stop them. They came all the way around the world.

Prime Minister Chou:

From the Cape of Good Hope.

Secretary Kissinger:

What today is Vietnam, and steamed straight into a Japanese trap. The Japanese were waiting there.

Prime Minister Chou:

You know that the Japanese made a film for the feats he performed in the war. In the film they slandered Lenin. Upon seeing the film, the Soviets were quiet indifferent. They also praised the Russian admiral that surrendered. And the Soviets seemed very pleased.

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Secretary Kissinger: He was the one who attacked us.

Prime Minister Chou: Togo also appeared in that film. In that film they slandered Lenin, saying he bought ammunition in Europe in order to carry out the uprising of 1905 to tie down the Russian Emperor. It was also said in the film that Lenin helped the Japanese to get information. In that way the Japanese Navy gave money to Lenin to buy ammunition. Out of that Lenin staged the uprisings of 1905 in Moscow.

Secretary Kissinger: It was not staged by Lenin to begin with.

Prime Minister Chou: But Lenin had something to do with it.

Secretary Kissinger: Yes. He took part, but he was not the principal.

Prime Minister Chou: It was just a slander by the Japanese, but the present Soviet authorities should stay apathetic about it and should have accepted it. Actually it was sheer slander. And the Soviets should have accepted it as something very queer.

Secretary Kissinger: The impression of our Navy people is that the Soviet Navy lacks a great deal of experience, from observing their maneuvering and their reaction to our action.

Prime Minister Chou: You have the experience of the Carribean Sea.

Secretary Kissinger: And many other experiences.

Prime Minister Chou: They deliberately carried out many demonstrated actions here in the Far East. Their Far Eastern fleet deliberately carried out many actions here in order to tie down your Seventh Fleet. And they also deliberately passed through the S. Straits to the middle section of the Pacific to Midway Island and Guam to make military operations there. After your fleet went there, they also left the place.

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Secretary Kissinger: Our impression is that they could not stand up to our fleet on the open sea.

Prime Minister Chou: And sometimes their planes will circle around that area. But your Ambassador is familiar with this fact.

Secretary Kissinger: I know the time they went through these straits. But we never make our fleet movement depend on what they do.

Prime Minister Chou: But sometimes you will have to make some reactions and to make some movements.

Secretary Kissinger: We did it when they tried to build a submarine base in Cuba. Then we took strong action in 1970. We put a destroyer in the mouth of that harbor and we publicly reaffirmed what President Kennedy had said about the Cuban crisis, and then they pulled out their submarine support.

Prime Minister Chou: So much for their opponents. That is, they posed a threat to Western European countries and just now you added Japan. And now their focus of contention is in the Middle East. Just what you mentioned just now, the period for the contention will be very short but will last for a period of time. I hope that in this case you would not spend such a long time as four and a half years as you settled the Vietnam question.

Secretary Kissinger: No. It is a different problem. In Vietnam we were directly involved.

Prime Minister Chou: The direct involvement, of course, is one of the reasons, but that was left over. It was left over by your predecessor. But you yourself had made some mistakes. Perhaps you would not agree to what I say. I would not say it very straightforwardly because we understand this possibility. It is inevitable that human beings will make mistakes.

Secretary Kissinger: We may have. I think if the North Vietnamese had proposed the settlement that we achieved

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in the end in the first year we would have accepted it at any point. Our difficulty was that the North Vietnamese always asked us to overthrow a friendly government and that we could not do. That was the one thing I have always told you, Mr. Prime Minister, that it was a point of honor with us.

Prime Minister Chou: This question again is left over historically. The responsibility should not remain entirely on your present Administration.

Secretary Kissinger: This problem is easier from one point of view and more difficult from another. It is easier because no one is asking us to destroy a friend government. But now all parties accept the existence of Israel which is essential for us too.

Prime Minister Chou: I think that it would not be so quick that all parties would recognize the existence of Israel.

Secretary Kissinger: All parties to which I have talked accept the existence of Israel.

Prime Minister Chou: But the party with which you have discussions, the number is not so big. You think so. It is not so easy. While the fighting was going on, there was an illwind of break in diplomatic relations with Israel on the part of African countries. This was part of a just voice on the part of the Africans, and you cannot say they are not correct. Because you cannot expect everyone to be like us who have combined principles with realities. We objected to the establishment of Israel to start with. Now the population of Israel has reached 2.5 million and as we know perhaps reached 3 million -- can you drive them to the sea? No. So when your press people ask me about it, I answer them, "of course not." I ask them how can there be any strength in things like that in the world. That is why one is bound to find some way to settle this question. Would that be a reason to have the Palestinians driven out? This question should also be settled.

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Secretary Kissinger: I agree this question should be handled.

Prime Minister Chou: It would not be fair if this question would not be settled at the same time. Only when these two questions are settled can there be any co-existence, and a peace to be spoken of. Otherwise, there would be no co-existence. This is why that we agree to your having direct dealings with the Arab States. This is just a first step. But I think, although the first step has been taken, the journey will be even longer than the journey you traveled when you first came to China to prepare for the visit of President Nixon. Because it only took half a year for your President to come for a visit to China.

Secretary Kissinger: I think it will take more than a half a year but not half a year to show progress. We can show progress in less than half a year.

Prime Minister Chou: There might be some progress, but it is not so easy to settle the question because it is very complex.

Secretary Kissinger: The most difficult is Jerusalem. We can settle the Palestinian question. We had some discussion with Sadat and even with the Palestinians. The question is not easy, but the issue regarding Jerusalem is very hard.

Prime Minister Chou: Is it that there is some blind faith in the fact? It seems that the problem of Jerusalem is even harder than the question of Taiwan.

Secretary Kissinger: The question of Taiwan, I think -- the nature of its solution is obvious. It is only a question of timing.

Prime Minister Chou: Jerusalem.

Secretary Kissinger: Jerusalem. The nature is not obvious, because both sides consider it a holy city.

Prime Minister Chou: Would it not be better if this city would be shared by both sides?

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Secretary Kissinger:

That is my solution, but I can find no one to agree with me. I once proposed this to the Israelis. And once I thought I had agreement from the Israelis to give up the three mosques on the hill looking toward Israel, but it turned out the Israelis would not agree to give up one hill and one street because they said it was a holy place.

Prime Minister Chou:

That is a kind of superstition. Well, we will not dwell upon this in detail, but anyway, I think the Middle East is not an easy thing to settle.

Secretary Kissinger:

I know. It has frontiers, Palestinians, Jerusalem. They all have to be settled simultaneously, except Jerusalem.

Prime Minister Chou:

I hope you won't spend another three years and a half in order to settle this question.

Secretary Kissinger:

That is why I think there should be an initial withdrawal of Israeli forces in order to give the Arabs some hope and courage.

Prime Minister Chou:

Besides you have also to meet with your domestic difficulties. And only you as the Secretary of State will show the responsibility to settle these questions. Just now we discussed the question of the Soviet expansionism in the world. Actually, there is consensus between the expansion and the old expansionism. Some of your press people asked me if it is possible for you to go back to isolationism. I told them it was absolutely impossible, but they did not believe me. I think the times are different. Although people might talk about it as a congress, the real politics would not be like that.

Secretary Kissinger:

I agree that it is objectively impossible, but I do not agree that it is subjectively inconceivable.

Prime Minister Chou:

Although some people might think of it that way, actually they would not be able to realize it. If they should become a president themselves they would have to pursue your present policies.

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Secretary Kissinger:

The danger is that someone may attempt to pursue an isolationism policy and thereby permit expansion of other countries and by the time he realizes what the dangers are he may have paid a very heavy price. I think the probability is that the policy we are now pursuing -- in these main outlines, not necessarily in its tactics which are complex -- will be pursued in the future.

Prime Minister Chou:

It would not do for you not to contract it. What I say is the policy you are pursuing now is not an isolation policy, but you have contracted yourself a bit, retracted yourself a bit on certain questions in order to concentrate on settling the main questions. Your government had overstretched itself.

Secretary Kissinger:

I agree.

Prime Minister Chou:

You spent a lot of money and a lot of energy but the question had not been solved. If you would ask us as revolutionaries, of course, we would say we agree with your spreading yourself out. From a point of a revolutionary, we would be in favor of your spreading yourself out to be loose and vulnerable. But since now we have come together yourself and we are discussing some realistic and practical questions, we must talk about politics.

Secretary Kissinger:

It was partly inexperience and partly the weakness of every other country.

Prime Minister Chou:

There are so many countries -- would you take care of them all? Did you ever expect that there would be a student movement in Bangkok? Does the CIA learn about it beforehand?

Secretary Kissinger:

If Dulles had been more polite in 1954 he could have learned a lot.

Prime Minister Chou:

It was impossible for him to do so because the developments of things are sometimes independent of human will.

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Let's do some preparation because Chairman Mao has invited you to go there. Mr. Lord can come too.

Secretary Kissinger: Can I take Ambassador Bruce, as well?

Prime Minister Chou: I thought you would bring Mr. Lord along because of your habits. I did not ask.

Secretary Kissinger: If it is difficult...

Prime Minister Chou: We will ask. (Miss Wang goes out to inquire.) Perhaps we should call the attention to Mr. Jenkins that, according to news from sources of Chaing Kai-shek the guided guided missile ship OKLAHOMA CITY... Do you have such a guided missile cruiser?

Secretary Kissinger: All cruisers are named after states.

Ambassador Ingersoll: It is the flagship of the Seventh Fleet.

Prime Minister Chou: At 1:37 this afternoon, the cruiser had approached an island near the Taiwan Straits. It passed through the Taiwan Straits. It was only about 25 kilometers from our territory.

Secretary Kissinger: Mr. Prime Minister, there is no defense against stupidity. I cannot watch every cruiser in the American Navy. I tell you the truth, Mr. Prime Minister, I ordered every airplane to stop flying near your territory. I would have thought that when one ordered airplanes not to fly that they would have thought the cruisers should not go either.

Prime Minister Chou: It is nothing very particular. Only they are nearing our territorial waters. I did not pay much attention to that.

Secretary Kissinger: It should not happen at anytime this close, and it should not happen while I am in China under any circumstances.

Prime Minister Chou: They have intruded into our territory by mistake. Just tell them and ask them to leave.

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Secretary Kissinger: I will take care of it tonight. Wherever they are I will move them away. If they can tell the difference between left and right, they will move away.

(The Chinese side then confirmed that Ambassador Bruce was also invited to see the Chairman.)

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Date Printed: 06/06/1997

DOC_NUMBER: 73STATE225763

CHANNEL: n/a

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ORIGIN SS-20

INFO OCT-01 RSC-01 CCO-00 SSO-00 ISO-00 PRS-01 /023 R

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TOPOL 50

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TAGS: OVIP (PORTER, WILLIAM J.)

SUBJECT: PRESS REPORT NOVEMBER 15, 1973

1. MARVIN KALB--CBS-RADIO FROM TOKYO - FIRST LINE REPORT:
....HERE (JAPAN) OIL IS THE MOVING FORCE OF A SURGING AND
DYNAMIC SOCIETY AND ECONOMY. OIL IS THE ESSENTIAL IMPORT,
JAPAN HAS NONE OF IT HERSELF....NOW JAPAN IS SO ANXIOUS
ABOUT THE ENERGY CRISIS THAT THERE IS SOME SPECULATION
THAT THE TANAKA GOVT MAY FALL UNLESS THIS CRISIS IS EASED.
KISSINGER HAS BEEN TO QUITE A FEW ARAB STATES ON THIS TRIP,
SAUDI ARABIA AND IRAN, THE TWO KEY ONES, REGARDING OIL
AMONG THEM. PM TANAKA WOULD HAVE BEEN PLEASED TO HEAR
KISSINGER SAY THAT HE HAS A MAGIC FORMULA FOR SOLVING
THE ENERGY CRISIS, BUT HE DOESN'T. HE HAS ONLY AN IDEA
THAT AS THE US CONTINUES TO PLAY AN ACTIVE ROLE IN RE-
SOLVING THE ARAB-ISRAELI CONFLICT, SAUDI ARABIA FOR ONE
WILL CHANGE ITS POLICY AND BEGIN TO OPEN THE OIL TAPS FOR
DELIVERIES TO THE US AND JAPAN. BUT THIS WILL ALL TAKE
TIME, SKILL AND PATIENCE AND THIS ALSO ASSUMES THAT THE
ARABS AND THE ISRAELIS WILL COOPERATE WITH ONE ANOTHER
LONG ENOUGH TO GIVE DIPLOMACY A CHANCE TO WORK ITS SLOW
MAGIC. IF OIL IS A PROBLEM IN THE US WHERE ONLY ABOUT SIX
TO TEN PERCENT OF IT IS IMPORTED, IMAGINE WHAT IT IS HERE,
ONE HUNDRED PERCENT OF IT IS IMPORTED. IT IS A LIGHT AND
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DARKNESS PROPOSITION, A COLD OR WARM PROPOSITION TOO.....
THIS IS A MODERN SOPHISTICATED SOCIETY AND IT NEEDS OIL, A
GREAT DEAL OF IT, IT IS JUST THAT SIMPLE. THE ARABS SAY

JAPAN MUST BREAK DIPLOMATIC RELATIONS WITH ISRAEL. JAPAN

HAS BEEN RESISTING THIS ACTION BUT THERE IS LITTLE DOUBT THAT IT MAY BE FORCED TO ACT AS FUEL LEVELS DROP. KISSINGER HAS ALWAYS BELIEVED IN LINKAGE, THE INTER-LOCKING NATURE OF WORLD DIPLOMACY. DURING HIS STAY IN JAPAN HE SEES LINKAGE ENSHRINED INTO A POLICY OF IMPOSED AND RELUCTANT EXPEDIENCY. OIL, OIL FOR THE LAMPS OF JAPAN.

2. BRUCE DUNNING--CBS-RADIO FROM TOKYO: THE MAN MOST RESPONSIBLE FOR KEEPING JAPAN STOCKED WITH OIL, TRADE MINISTER NAKASONE, RUSHED FROM A MEETING WITH HENRY KISSINGER TO A SESSION A HALF HOUR OR SO LATER WITH THE OTHER JAPANESE LEADERS KISSINGER HAS MET, PM TANAKA, FM OHIRA, FINANCE MINISTER AICHI, AND HAVING FAILED TO GET ANYTHING MORE CONCRETE THAN CAUTIOUS HOPE FOR ME PEACE FROM KISSINGER THEY THRASHED OUT THE OPENING ROUND IN WHAT MAY BE A LONG-RUNNING AUSTERITY PROGRAM FOR OIL.

3. HERBERT KAPLOW--ABC-TV - EVENING NEWS FROM TOKYO: THE LAST NIGHT AND ANOTHER BANQUET, THIS TIME THE VISITOR HIRED THE HALL. KISSINGER THE HOST, CHOU THE RANKING GUEST OF HONOR. COMMENTS FROM KISSINGER, SOME WONDERED WHETHER WATERGATE WAS HIS THOUGHT, OFFICIALS LATER SAID IT WAS NOT.

KISSINGER: QTE LET ME THANK YOU ON BEHALF OF ALL OF OUR COLLEAGUES FOR THE WARMTH OF OUR RECEPTION AND FOR THE WORK YOU ENABLED US TO DO HERE AND TO ASSURE YOU THAT THE PROGRESS THAT HAS BEEN MADE IN OUR RELATIONSHIPS WILL BE CONTINUED IN THE YEARS AHEAD, WHATEVER HAPPENS IN THE FUTURE AND WHATEVER THE ADMINISTRATION. UNQTE

THEN THE ROUNDELAY OF TOASTS. A JOINT COMMUNIQUE TODAY SAID THE LEADERS AGREED TO EXPAND TRADE AND CULTURAL, SCIENTIFIC AND JOURNALISTIC EXCHANGES AND TO EXPAND THEIR DIPLOMATIC LIAISON OFFICES IN EACH OTHER'S CAPITAL. THERE ALSO WAS THE SUGGESTION THAT MAO AND CHOU WERE

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MODERATING THEIR DEMANDS THAT THE US REJECT TAIWAN BEFORE PEKING WOULD AGREE TO FULL DIPLOMATIC RELATIONS WITH WASHINGTON. THE FINAL DAY ALSO SAW KISSINGER VISITING A COMMUNE JUST OUTSIDE PEKING....AND NOW KISSINGER IS HERE IN JAPAN TELLING ITS LEADERS ABOUT HIS RECENT VISIT TO CHINA AND ABOUT SOME OF THOSE OTHER COUNTRIES HE JUST VISITED IN WHICH JAPAN HAS SUCH DEEP AND VITAL INTERESTS.
RUSH

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Date Printed: 06/06/1997

DOC_NUMBER: 73STATE225763

CHANNEL: n/a

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*** Current Handling Restrictions *** n/a
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INFO AMEMBASSY BRUSSELS
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SECTION 01 OF 02 SANTIAGO 3349

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E.O. 12356: DECL: OADR
TAGS: ELAB, PINS, PGOV, CI
SUBJECT: PREPARATIONS FOR JUNE 14 PROTEST CONTINUE

REFS: A) SANTIAGO 3178; B) SANTIAGO 3233

1. (C) SUMMARY: THE "NATIONAL COMMAND OF WORKERS FOR THE PROTEST" HAS CONTINUED PREPARATIONS FOR THE JUNE 14 PROTEST, MEETING DAILY, DISTRIBUTING LEAFLETS, AND GAINING ADHERENTS FROM NON-LABOR SOURCES. WHEAT GROWER LEADER CARLOS PODLECH, RETIRED AIR FORCE GENERAL LEIGH, AND TWO POLITICAL GROUPS HAVE IDENTIFIED WITH THE PROTEST. GOC ACTIONS HAVE BEEN RESTRAINED, WITH CERTAIN "POPULIST" ANNOUNCEMENTS SUCH AS WAGE INCREASES AND PRICE ROLL-BACKS PROBABLY PARTLY DESIGNED TO DAMPEN SUPPORT FOR THE PROTEST. MEANWHILE LEGAL PROCEEDINGS AGAINST TEN ORGANIZERS OF THE MAY 11 PROTEST CONTINUE; AND WILL NOT BE RESOLVED PRIOR TO JUNE 14. END SUMMARY.

2. (U) PREPARATIONS BY THE "NATIONAL COMMAND OF WORKERS FOR THE PROTEST" FOR THE SO-CALLED SECOND DAY OF NON-VIOLENT PROTEST, JUNE 14, HAVE CONTINUED WITH CONSIDERABLE UNITY, LITTLE FRICTION, AND MORE CONFIDENCE THAN FOR THE MAY 11 PROTEST. FOLLOWING THE INITIAL DIFFICULTIES IN FORMING THE "COMMANDO" (REF A), THERE HAVE BEEN NO OTHER INCIDENTS IMPEDING THE OPERATION OF THE ORGANIZATION.

3. (U) THE "COMMANDO" HAS ISSUED A 13-POINT DECLARATION CALLING FOR SUCH POLITICAL MEASURES AS THE END OF THE STATE OF EMERGENCY IN CHILE, THE DEMOCRATIZATION OF THE UNIVERSITIES, THE END OF ARTICLE 24 OF THE TRANSITORY PROVISIONS OF THE CONSTITUTION (ALLOWING EXPULSIONS), THE ESTABLISHMENT OF A CONGRESS, THE RETURN OF ALL EXILES, THE END TO CENSORSHIP, THE ACCESS OF THE OPPOSITION TO RADIO AND TV AND OTHER FORMS OF COMMUNICATION, AND SUCH LABOR OBJECTIVES AS THE RE-ESTABLISHMENT OF LABOR AND SOCIAL SECURITY LAW EXISTING BEFORE 1973, THE END TO FIRINGS IN THE PUBLIC AND PRIVATE SECTORS, AND THE REHIRING OF THOSE FIRED SINCE 1973, THE ADOPTION OF AN EMERGENCY PLAN TO END UNEMPLOYMENT, WHILE ELIMINATING THE MINIMUM EMPLOYMENT PROGRAM (PEMI), AND THE RETURN OF THE LEGAL STATUS AND ALL PROPERTIES AND WEALTH OF LABOR ORGANIZATIONS DISSOLVED FOLLOWING THE 1973 COUP.

4. (U) THE "COMMANDO" HAS ENCOURAGED MORE ACTIVE PARTICIPATION BY GOC OPPONENTS IN AREAS OUTSIDE SANTIAGO, ESPECIALLY VALPARAISO, ANTOFAGASTA, AND CONCEPCION, THAN

WAS EVIDENT ON MAY 11. ONE RESULT HAS BEEN THE TEMPORARY DETENTION, JUNE 9 BY CARABINEROS OF ROBERTO ARREDONDO, LEADER OF THE CONCEPCION REGIONAL OFFICE OF THE UNION OF DEMOCRATIC WORKERS (UDT), WHO WAS TRANSPORTING LEAFLETS PROVIDING INSTRUCTIONS ON HOW TO PROTEST (REF A). HE WAS RELEASED LATER THAT DAY, BUT TOLD CHARGES MAY BE BROUGHT AGAINST HIM LATER.

5. (U) TWO WELL-KNOWN INDIVIDUALS VISITED THE "COMMANDO" AND ANNOUNCED THEIR SUPPORT FOR THE PROTEST, CARLOS PODLECH, PRESIDENT OF THE WHEAT PRODUCER'S ASSOCIATION WHO WAS TEMPORARILY EXPELLED FROM CHILE LAST DECEMBER, AND RETIRED AIR FORCE GENERAL GUSTAVO LEIGH. BOTH ARE WELL-KNOWN ADVOCATES OF A SPEEDY RETURN TO DEMOCRACY IN CHILE.

6. (U) THE NATIONAL DEVELOPMENT PROJECT (PRODEN), AN AMALGAM OF MEMBERS FROM THE CHRISTIAN DEMOCRATIC, RADICAL AND SOCIALIST PARTIES, WHICH SUPPORTED THE MAY 11 PROTEST, PUBLICLY PROCLAIMED ITS SUPPORT FOR THE JUNE 14 PROTEST. THE CHRISTIAN DEMOCRATIC PARTY HAS JOINED THE PROTEST IN A LOW-KEY MANNER BY SENDING LEAFLETS TO PARTY MILITANTS URGING THEM TO JOIN THE PROTEST, INCLUDING CALLING OTHERS

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ON THE TELEPHONE TO SAY ONLY "PROTEST ON THE 14TH".
THERE ARE REPORTS THAT OTHER GROUPS AND INDIVIDUALS
WILL ANNOUNCE THEIR SUPPORT PRIOR TO JUNE 14.

7. (LOU) MEANWHILE, PRESIDENT PINOCHET, SINCE MAY 11, HAS VISITED SEVERAL REGIONS OF THE COUNTRY, REMINDING ALL CHILEANS OF THE DANGERS OF MOVING TOO QUICKLY BACK TOWARDS DEMOCRACY, THAT MOSCOW WAS STILL INTENT ON MAKING CHILE A MARXIST STATE, AND THAT HE WOULD NOT ALLOW CHILE TO RETURN TO THE POLITICAL DEMOGOGUERY EXISTING PRIOR TO 1973. PINOCHET ANNOUNCED THAT ON THE 14TH HE WOULD BEGIN A THREE-DAY VISIT TO THE NORTHERN PART OF CHILE. IN ADDITION, WHETHER BY COINCIDENCE OR NOT, HE AND MEMBERS OF THE CABINET HAVE ANNOUNCED A SERIES OF POPULIST MEASURES, I.E., ROLL-BACK OF KEROSENE PRICES, FIVE PERCENT WAGE INCREASES FOR PUBLIC EMPLOYEES AND PRIVATE EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING, AND DEFERRAL OF PORTIONS OF MORTGAGE PAYMENTS (REF B). TO GOC OPPONENTS, THESE ANNOUNCEMENTS APPEAR DESIGNED TO DAMPEN ENTHUSIASM FOR THE SCHEDULED PROTEST.

8. (LOU) IN ADDITION, EMBASSY SOURCES CLAIM THAT GOC OFFICIALS HAVE TELEPHONED THE MEDIA, SUGGESTING IN A "FRIENDLY FASHION" THAT THE MEDIA SHOULD NOT EMPHASIZE NEWS ABOUT THE PREPARATIONS FOR THE PROTEST.

9. (LOU) MEANWHILE, NOTHING FURTHER HAS BEEN HEARD PUBLICLY FROM THE COMMUNIST-INSPIRED PARALLEL "POPULAR COMMAND". (REF A) ALTHOUGH EMBASSY SOURCES REPORT A COMMUNIST-LED YOUTH COMMAND WOULD BE ANNOUNCED ON JUNE 10. IN APPARENT ANTICIPATION, THE CATHOLIC CHURCH YOUTH VICARIATE WARNED CHILEAN YOUTH NOT TO BECOME INSTRUMENTS OF VIOLENCE.

10. (LOU) WHILE PREPARATIONS FOR THE NEXT PROTEST GO ON, THE JUDICIAL PROCEEDINGS AGAINST THE TEN MEMBERS OF COPPERWORKERS CONFEDERATION (CTC) INDICTED FOLLOWING THE FIRST PROTEST ARE FOLLOWING A ROUTINE PATTERN. (SANTIAGO 3041). APPEALS ON EARLIER FINDINGS WERE HEARD JUNE 8 AND 9, WITH A DECISION SCHEDULED FOR JUNE 13. SINCE THAT DECISION WILL ONLY CONCERN WHETHER ALL CHARGES SHOULD BE DROPPED AGAINST ALL TEN OR REINSTATED AGAINST SIX WHO WERE FOUND INNOCENT BY A LOWER COURT, THE FINAL DISPOSITION OF THE CASE WILL DRAG ON BEYOND THE SECOND PROTEST. THEBERGE

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TAGS: EAD, SHUM, EFIN

SUBJECT: (C) U.S. OPPOSITION TO LOAN FOR CHILE

REFERENCE: 78 STATE 15725

1. [REDACTED]

2. AFTER DECISION TAKEN APRIL 15, THE SECRETARY OF THE TREASURY HAS INSTRUCTED THE U.S. DIRECTOR TO THE WORLD BANK TO VOTE "NO" ON A \$32 MILLION LOAN TO CHILE ENTITLED WATER SUPPLY WHICH COMES BEFORE THE BOARD APRIL 17. THE LOAN IS DESIGNED TO MEET BASIC HUMAN NEEDS.

THE U.S. WILL VOTE "NO" ON TWO OTHER WORLD BANK LOANS IN APRIL AND MAY - A \$43.5 MILLION AGRICULTURAL CREDIT LOAN WHICH IS DESIGNED TO MEET BASIC HUMAN NEEDS AND A \$32 MILLION HIGHWAY LOAN WHICH IS NOT.

3. AS PART OF THE CONSULTATION PROCESS DESCRIBED IN REFTEL, ACTION EMBASSIES ARE REQUESTED TO INFORM HOST GOVERNMENTS IN A MANNER AND AT A LEVEL THEY DEEM APPROPRIATE OF U.S. DECISION FOR THEIR REFERENCE WHEN CONSIDERING THEIR POSITION ON THESE PROJECTS.

4. DECISION TO OPPOSE THE WATER SUPPLY AND AGRICULTURAL CREDIT BASIC HUMAN NEEDS LOANS WAS BASED BOTH ON CONTINUING CONCERN WITH HUMAN RIGHTS SITUATION IN CHILE, AND ON OUR CONCERN WITH THE CHILEAN GOVERNMENT'S FAILURE TO FULLY INVESTIGATE THE LETELIER ASSASSINATION OR PROSECUTE THOSE

IMPLICATED.

5. THERE HAVE BEEN IMPROVEMENTS IN THE HUMAN RIGHTS SITUATION IN CHILE (AS OUTLINED IN THIS YEAR'S HUMAN RIGHTS REPORT), AND WERE IT NOT FOR THE LETELIER MATTER, WE WOULD HAVE BEEN PREPARED TO MOVE TO A MORE SUPPORTIVE POSITION ON THE TWO BHN PROJECTS.

6. TWO "DISAPPEARANCES" OCCURRED IN 1977, AND SINCE THEN THERE HAVE BEEN NONE. THERE ARE CONTINUING ALLEGATIONS OF ARBITRARY DETENTION AND TORTURE BUT MUCH FEWER THAN IN PAST YEARS. THERE IS EVIDENCE THAT USE OF ARBITRARY DETENTION IS ON THE WANE AND THAT ALLEGED LAW VIOLATORS ARE USUALLY SERVED WITH CORRECT SUPDINAS. IN 1979 THERE WERE ONE DOZEN ALLEGATIONS OF TORTURE BY CREDIBLE SOURCES AND ONE CASE IN WHICH THE EVIDENCE SEEMS OVERWHELMING THAT TORTURE OCCURRED. THIS INVOLVED THE CASE OF A MAN APPREHENDED WHILE ATTACHING AN INCENDIARY DEVICE TO AN UNOCCUPIED POLICE VAN; HE DIED IN AUGUST AFTER SIX DAYS IN THE HANDS OF THE POLICE AND THE NATIONAL INFORMATION CENTER. POLITICAL PARTIES REMAIN FORMALLY DISSOLVED. THERE IS NOW WHAT A NUMBER OF OBSERVERS, INCLUDING OPPONENTS OF THE PRESENT GOVERNMENT, CALL "RELATIVE FREEDOM" TO SPEAK OUT AND TO CRITICIZE THE GOVERNMENT. HOWEVER, THEY ARE QUICK TO POINT OUT THAT INSTITUTIONS ARE IN PLACE TO SILENCE THIS CRITICISM AT THE WHIM OF THE GOVERNMENT. SPECIFICALLY, THE CONTINUING "STATE OF EMERGENCY" GIVES THE GOVERNMENT EXTRAORDINARY AUTHORITY SIMILAR TO THAT UNDER A STATE OF SIEGE.

IN 1979 A NEW LABOR PLAN RESTORED THE RIGHT TO COLLECTIVE BARGAINING, GUARANTEED THAT WAGES MUST BE ADJUSTED UPWARDS, TO EQUAL INFLATION, PROVIDED THAT NEGOTIATIONS CONCERN REAL WAGE INCREASES, AND RESTORED THE RIGHT TO STRIKE. UNDER THE PLAN, HOWEVER, STRIKES ARE PERMITTED ONLY FOR 60 DAYS AFTER WHICH LABOR MUST ACCEPT MANAGEMENT'S LAST OFFER OR MANAGEMENT CAN HIRE NEW WORKERS. IN THE FIRST APPROXIMATELY 85% CONTRACTS THAT HAVE BEEN NEGOTIATED SINCE THE NEW PLAN WENT INTO EFFECT, THE AVERAGE REAL WAGE INCREASES HAVE AVERAGED BETWEEN 7 AND 9. SEVERAL STRIKES HAVE OCCURRED, INCLUDING ONE AT A MAJOR COPPER MINE, BUT ALL HAVE BEEN RESOLVED IN LESS THAN 60 DAYS. THE LABOR PLAN STRESSES THE "OPEN SHOP", AND MOST TRADE UNION LEADERS HAVE CRITICIZED THE PLAN AS AN EFFORT TO WEAKEN TRADE UNIONS BY FRAGMENTING THE UNION MOVEMENT.

WHILE INSTITUTIONALIZED OR LEGAL GUARANTEES AGAINST VIOLATIONS OF THE INTEGRITY OF THE PERSON ARE WEAK, THERE ARE SOME SIGNS THAT THE COURTS AND THE PRESS ARE TAKING MORE INTEREST IN DEFENDING HUMAN RIGHTS.

THE PINOCHET REGIME HAS PLEDGED EVENTUAL RESTORATION OF ELECTED GOVERNMENT. A GOVERNMENT COMMISSION IS PREPARING A DRAFT CONSTITUTION WHICH THE GOVERNMENT STATES WILL BE SUBMITTED TO A PLEBISCITE. HOWEVER, THE GOVERNMENT HAS NOT SET A TIMETABLE FOR RELINQUISHING CONTROL, AND IT HAS BEEN VAGUE ABOUT HOW LONG THE MILITARY WILL CONTINUE THEIR INVOLVEMENT. ECONOMICALLY, THE GOVERNMENT IS COMMITTED TO

ENDING THE IMPORT SUBSTITUTION ECONOMIC POLICIES OF THE PREVIOUS DECADES AND TO DEVELOPING AN ECONOMIC SYSTEM BASED ON THE FREE MOVEMENT OF TRADE AND CAPITAL WITH A MINIMUM OF GOVERNMENT INTERFERENCE.

PROTESTORS DETAINED EN MASSE DURING PEACEFUL DEMONSTRATIONS HAVE COMPLAINED OF POLICE HARASSMENT WHILE BEING HELD IN PRECINCT HOUSES (SUCH DETAINEES MAY BE LEGALLY HELD FOR UP TO FIVE DAYS BEFORE ARRAIGNMENT). IN PRISON, PERSONS DETAINED FOR SUBVERSIVE OR TERRORIST ACTIVITIES ARE NORMALLY SEPARATED FROM COMMON CRIMINALS. PRISONERS ARE ABLE

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TO RECEIVE VISITS FROM AND COMMUNICATE WITH FAMILY, FRIENDS, LEGAL COUNSEL, AND REPRESENTATIVES OF THE INTERNATIONAL COMMITTEE OF THE RED CROSS (ICRC).

THE CHILEAN GOVERNMENT HAS FAILED TO INVESTIGATE FULLY AND PROSECUTE THREE FORMER SECURITY OFFICERS INDICTED IN THE U. S. FOR COMPLICITY IN THE 1976 ASSASSINATIONS OF EX-CHILEAN AMBASSADOR TO THE U. S. ORLANDO LETELIER AND A U. S. CITIZEN, RONNI MOFFITT. IN OCTOBER 1979 THE CHILEAN SUPREME COURT DENIED A U. S. GOVERNMENT EXTRADITION REQUEST FOR THE THREE OFFICERS. SIMULTANEOUSLY, AN INVESTIGATION OF THE SAME CASE IN CHILE HAS DRAGGED ON FOR NEARLY TWO YEARS WITHOUT A FULL AND DILIGENT EFFORT.

ALTHOUGH THE CHILEAN GOVERNMENT HAS DENIED HOLDING POLITICAL PRISONERS, AT ANY ONE TIME DURING 1979, APPROXIMATELY 25-30 PEOPLE HAVE BEEN UNDER DETENTION CHARGED WITH NON-VIOLENT SEDITIONARY ACTIVITY. ANOTHER 30-50 PEOPLE ARE IN JAIL ON CHARGES OF ENGAGING IN VIOLENT ACTIONS FOR POLITICAL REASONS (E.G., BOMBING, MURDER, ARMED ROBBERY).

IN THEORY, THE RIGHT OF HABEAS CORPUS EXISTS; HOWEVER, IN INTERNAL SECURITY CASES THE COURTS OFTEN DO NOT ACT ON SUCH PETITIONS IN A TIMELY MANNER. STATE OF EMERGENCY POWERS PERMIT THE PRESIDENT TO ORDER THE DETENTION OF PERSONS WITHOUT CHARGE FOR UP TO 5 DAYS. CIVILIAN AND MILITARY COURTS HAVE ANOTHER 5 DAYS, FROM THE TIME OF ARRAIGNMENT, TO DECIDE WHETHER TO INDICT. DURING 1979 THE VAST MAJORITY OF THOSE DETAINED FOR UNAUTHORIZED DEMONSTRATIONS WERE RELEASED WITHIN A FEW DAYS; NO ONE WAS CRIMINALLY INDICTED FOR SUCH ACTIVITY. GENERALLY, RELATIVES AND FRIENDS REPORT DETENTIONS; THE GOVERNMENT ACKNOWLEDGES THEM; AND THE PRESS REPORTS THEM.

THE INTER-AMERICAN HUMAN RIGHTS COMMISSION REPORTED IN OCTOBER 1979 THAT THE RIGHTS TO A FAIR TRIAL AND OF DUE PROCESS WERE SUBJECT TO SIGNIFICANT LIMITATIONS PRINCIPALLY BECAUSE OF THE ACTIVE ROLE OF THE MILITARY COURTS IN

JUDICIAL PROCEEDINGS AND THE RELUCTANCE OF THE CIVIL COURTS ACTIVELY TO INVESTIGATE HUMAN RIGHTS VIOLATIONS.

AFTER NEW ECONOMIC POLICIES WERE INTRODUCED IN 1975, GNP GROWTH IN REAL TERMS IN THE PERIOD 1976-79 INCREASED AN AVERAGE OF 7.5 PER YEAR. PER CAPITA GNP IN 1979 WAS \$1,566. INFLATION DECREASED FROM 34% IN 1975 TO 3% IN 1979. REAL WAGES HAVE INCREASED 56 SINCE 1975. UNEMPLOYMENT HAS DECREASED, ACCORDING TO OFFICIAL FIGURES, FROM A PEAK OF 19.6 IN MARCH 1976 TO 12.5 IN 1979. BASED ON INFORMATION FROM A 1979 UNIVERSITY OF CHILE STUDY OF THE SANTIAGO METROPOLITAN AREA, PERSONAL INCOME IS INCREASING AT A FASTER RATE AMONG THE POOR THAN THE RICH SINCE 1976. THE DISTRIBUTION OF WEALTH IS STILL HIGHLY CONCENTRATED. SOCIAL EXPENDITURES (HEALTH, SOCIAL WELFARE, PUBLIC HOUSING, SOCIAL SECURITY, EDUCATION, AND REGIONAL DEVELOPMENT) IN 1979 CONSTITUTED 47.8% OF THE BUDGET COMPARED WITH 43.2 IN 1975 AND GREW, IN CONSTANT DOLLAR TERMS, FROM 778 MILLION IN 1975 TO 1.4 BILLION IN 1979.

VIRTUALLY ALL MEETINGS REQUIRE PRIOR APPROVAL OF THE LOCAL MILITARY ZONE COMMANDER. IN PRACTICE, PERMISSION IS REGULARLY DENIED WHEN THE SUBJECT IS POLITICALLY SENSITIVE. HOWEVER, MANY MEETINGS ARE HELD, EVEN OF POLITICAL PARTIES AND GROUPS, AND THEY ARE REPORTED IN THE PRESS.

ELECTIONS FOR GOVERNMENT OFFICE ARE NON-EXISTENT; INDEED, ELECTIONS FOR ALMOST ANYTHING ARE ONLY PERMITTED UNDER SPECIAL CIRCUMSTANCES. WITH CONGRESS DISSOLVED, THE GOVERNMENT EXERCISES LEGISLATIVE POWERS DELEGATING EXECUTIVE

AUTHORITY TO PRESIDENT PINOCHET. THE COURTS ARE TECHNICALLY AUTONOMOUS, BUT APPEAR TO HAVE BEEN PASSIVE OR SYMPATHETIC TO GOVERNMENT DESIRES IN INTERNAL SECURITY CASES.

7. THE U. S. ON HUMAN RIGHTS GROUNDS HAS VOTED "NO" ON ALL MORRIS LOANS TO CHILE SINCE 1977. IN ADDITION, AS A RESULT OF THE CHILEAN GOVERNMENT'S REFUSAL TO FULLY INVESTIGATE OR PROSECUTE THE ASSASSINATION OF ORLANDO LETELIER AND U. S. CITIZEN RONNI MOFFITT, THE PRESIDENT DECIDED IN NOVEMBER TO REDUCE THE SIZE OF OUR MISSION IN CHILE, TERMINATE THE FMS "PIPELINE" OF MILITARY EQUIPMENT, REMOVE THE U. S. MILITARY GROUP, SUSPEND ALL EXIM FINANCING IN CHILE, AND TERMINATE NEW OPIC ACTIVITIES WITH REGARD TO CHILE. VANCE

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E.O. 12356: DECL: OADR
TAGS: OVIP, PREL, CH, US
SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S
VISIT TO THE U.S.

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1. [REDACTED] - ENTIRE TEXT).

2. SUMMARY: VICE PREMIER TIAN JIYUN'S VISIT COMES AT A TIME OF SIGNIFICANT CHANGE IN CHINA, AND OF SOME IMPORTANT SHIFTS AND NEW EMPHASES IN OUR BILATERAL RELATIONS. IN THE PAST SIX MONTHS, CHINA'S REFORMIST ECONOMIC AGENDA HAS BEEN REAFFIRMED RESOLUTELY AT MAJOR NATIONAL PARTY AND GOVERNMENT CONGRESSES. TIAN JIYUN'S REELECTION TO A FIVE-YEAR TERM AS VICE PREMIER IS AN OUTGROWTH OF THE CONTINUING REFORM DRIVE. HE FORMS PART OF A YOUNGER, MODERNIZING LEADERSHIP DESTINED TO WIELD TOP PARTY AND STATE POWER AFTER DENG AND OTHER OLD-GUARD LEADERS PASS FROM THE SCENE. TIAN'S NEW RESPONSIBILITIES AS POINT MAN ON FOREIGN TRADE AND INVESTMENT WILL RAISE HIS PROFILE AND IMPORTANCE TO THE U.S. HEIGHTENED POLITICAL WILL IN THE WAKE OF THE CONGRESSES TO TACKLE KEY REFORMS IS EVIDENCED BY BROAD NEW INITIATIVES ENCOMPASSING GOVERNMENTAL ORGANIZATION, A NEW OPENNESS IN DEBATE AND CRITICISM OVER THE COUNTRY'S SHORTCOMINGS, AND A HOST OF SYSTEMIC REFORMS. THE LATTER INVOLVE KEY ISSUES SUCH AS FOREIGN TRADE, RAW MATERIALS AND CAPITAL GOODS MARKETS, LABOR AND WAGES, CONSTITUTIONAL SANCTION OF PRIVATE ENTERPRISE AND TRANSFER OF LAND RIGHTS, AND

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FURTHER CURTAILMENT OF THE DIRECT CONTROL BY CENTRAL PLANNERS AND OTHER AUTHORITIES OVER THE DAILY ECONOMIC LIFE OF CHINA.

3. THESE IMPORTANT BROAD REFORM IMPULSES AND INITIATIVES, HOWEVER, MUST BE PLAYED OUT ONLY GRADUALLY FOR THE IMMEDIATE PERIOD AHEAD. CONSTRAINING THIS PACE ARE CONTINUING ECONOMIC IMBALANCES, STRESSES AND DISLOCATIONS INHERENT TO THE TRANSITIONAL, HIGHLY DYNAMIC STATE OF CHINA'S ECONOMY, AND THE INSTITUTIONS WHICH REGULATE IT.

4. RECENT REDEDICATION TO REFORM, ALONG WITH ACCOMPANYING TRANSITIONAL STRESSES, ARE REFLECTED IN CHINA'S EXTERNAL ECONOMIC POLICIES. REPEATED CLARION CALLS IN RECENT MONTHS BY SENIOR LEADERS

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TO OPEN FURTHER THE ECONOMIES OF THE COASTAL
AREAS TO TRADE AND GLOBAL COMPETITION REEMPHASIZE
THE IMPERATIVE OF FOREIGN INVESTMENT AND
TECHNOLOGY TRANSFER FOR CHINA'S GOAL TO
MODERNIZE RAPIDLY SO AS "TO TAKE CHINA'S RIGHTFUL
PLACE IN THE WORLD." THE POLITBURO'S ELABORATION
OF THIS POLICY, THAT CHINA WILL SEEK TO EMULATE
IN ITS COASTAL AREAS THE EXPORT-LED GROWTH
SUCCESSES OF MANY OF ITS ASIAN NEIGHBORS, POSES
BOTH BENEFITS AND POTENTIAL CHALLENGES FOR U.S.
INTERESTS.

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5. THE BOLD SHIFT IN DEVELOPMENT STRATEGY
DEEMPHASIZES SOMEWHAT IMPORT-SUBSTITUTION AS A
GUIDING TRADE POLICY. IT LENDS IMPETUS TO THE
NEW FOREIGN-TRADE SYSTEM REFORMS WHICH ACCORD
WITH U.S. OBJECTIVES TO EXPAND COMMERCIAL...

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E.O. 12356: DECL: OADR

TAGS: OVIP, PREL, CH, US

SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

OPPORTUNITIES BY PROGRESSIVELY DISMANTLING THE
STATE TRADE MONOPOLY, AND THE FORMIDABLE STRUCTURE
OF TRADE-DISTORTING ADMINISTRATIVE CONTROLS.
THE STRATEGY AND ACCOMPANYING DECENTRALIZING
FORCES MAY ALSO HELP MAINTAIN MOMENTUM FOR
DOMESTIC SYSTEMIC REFORMS, INCLUDING IN THE
PRICE SYSTEM.

6. ON THE OTHER HAND, IN ITS NASCENT STAGES,
THESE POLICIES HOLD THE LATENT DANGERS OF
COALESCING INTO A SIMPLE EXPORT DRIVE, WITHOUT
SIGNIFICANT LOWERING OF IMPORT BARRIERS. SHOULD
THAT WORST-CASE DEVELOP, THE U.S. WILL BE FACED
WITH BILATERAL TRADE FRICTIONS. THESE WOULD BE
EXACERBATED BECAUSE OF OUR NEED TO SHRINK OUR
GLOBAL TRADE DEFICIT, AND NEW TRADE
LEGISLATION WHICH PLACES GREATER STRESS THAN
EVER BEFORE ON RECIPROCAL MARKET ACCESS.

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7. CHINA'S RAPIDLY GROWING ECONOMIC STRENGTH IS BEING MATCHED BY A NEW ASSERTIVENESS IN INTERNATIONAL AFFAIRS. THIS IS UNDERPINNED BY A WORLD VIEW WHICH SEES GROWING MULTIPOLAR INFLUENCES DILUTING DOMINANCE BY THE TWO SUPERPOWERS. THE MULTIPOLAR CONCEPT OF THE WORLD FITS NEATLY WITH CHINA'S "INDEPENDENT" FOREIGN POLICY LINE. HOWEVER, "INDEPENDENCE" DOES NOT MEAN "EQUIDISTANCE." CHINA TILTS TOWARDS THE WEST, ESPECIALLY THE U.S., EUROPE AND JAPAN,

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WHICH PROVIDE THE CAPITAL, MARKETS AND ADVANCED TECHNOLOGY ESSENTIAL TO CHINA'S PRIORITIES.

8. CHINA'S DE FACTO TILT TOWARD THE U.S. ALSO STEMS FROM ITS CONTINUING PERCEPTION THAT WE DO NOT CONSTITUTE A STRATEGIC THREAT, AND CONVERSELY PROVIDE A SECURITY PRESENCE VITAL TO CHECKING SOVIET EXPANSIONISM. THE PASSIVE BENEFICIARY OF THIS U.S. SECURITY PRESENCE, CHINA IS FREE TO NORMALIZE GRADUALLY ITS RELATIONS WITH THE SOVIETS, IN THE INTERESTS OF CREATING A PEACEFUL ENVIRONMENT FOR ECONOMIC DEVELOPMENT TO PROCEED. RELATIONS WITH THE SOVIETS ARE IMPROVING MORE QUICKLY THAN THE CHINESE ADMIT, BUT LESS THAN THE SOVIETS WOULD LIKE--OR HAVE US BELIEVE. SIGNIFICANT PROGRESS HAS BEEN REGISTERED IN TRADE AND CULTURAL RELATIONS. TALKS TO RESOLVE BORDER DISPUTES HOLD SOME PROMISE. IT WOULD NOT BE SURPRISING IF THE CHINESE AND SOVIET FOREIGN MINISTERS MET. BUT DESPITE GORBACHEV'S BLANDISHMENTS, FULL POLITICAL NORMALIZATION MUST AWAIT REMOVAL OF THE "THREE OBSTACLES," ESPECIALLY THE SOVIETS' SUPPORT OF VIETNAM'S OCCUPATION OF CAMBODIA. HISTORICAL ENMITY AND SUSPICIONS, GEOGRAPHY, STRUCTURAL LIMITS TO ECONOMIC COOPERATION, AND THE CHINESE CONVICTION THAT CHINA'S FUNDAMENTAL LONG-TERM STRATEGIC THREAT IS SOVIET EXPANSIONISM, ALL MILITATE AGAINST A RETURN TO THE CLOSE, BROAD-BASED SINO-SOVIET RELATIONSHIP OF THE 1950'S. THUS THE GEOPOLITICAL DIMENSIONS OF OUR RELATIONS WITH BEIJING--THOUGH MORE MUTED AND NUANCED THAN IN THE 1970'S--REMAIN IMPORTANT.

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9. GENERALLY, WE SHARE WITH CHINA COMMON OBJECTIVES REGARDING CAMBODIA, AFGHANISTAN, AND A COMMON WISH FOR PEACE ON THE KOREAN PENINSULA.

ECONOMIC IMPERATIVES ARE INCREASING CHINA'S INTEREST IN DIRECT TRADE WITH SOUTH KOREA. THE CHINESE TACITLY CONDONE OUR PHILIPPINE BASES--AND OUR PACIFIC PRESENCE GENERALLY--AS A FORCE FOR REGIONAL SECURITY. HOWEVER, THE NEW THREAD OF ASSERTIVENESS IN CHINA'S FOREIGN POLICY HAS BEEN THE SOURCE OF SOME SERIOUS BILATERAL FRICTIONS, JUST AS PAST POLITICAL TENSIONS OVER TAIWAN HAVE RECEDED AS A RESULT OF GROWING EXCHANGES BETWEEN TAIWAN AND THE MAINLAND.

10. CHINA'S EMERGENCE AS A MAJOR POWER IS SEEN IN ITS ATTEMPTS TO BUILD INFLUENCE AND, NOT INCIDENTALLY, TO MAKE MONEY BY SELLING BILLIONS OF DOLLARS IN ARMS TO BOTH COMBATANTS IN THE GULF. DIRECT FRICTIONS WITH US RESULTED FROM CHINA'S SALE OF ANTI-SHIP MISSILES TO IRAN WHICH THREATEN OUR SHIPS AND THOSE OF OUR FRIENDS. THAT LED LAST FALL TO POSTPONEMENT OF USG-SPONSORED LIBERALIZATION OF COCOM CONTROLS ON DUAL-USE TECHNOLOGY COVETED BY CHINA FOR ITS MODERNIZATION DRIVE. OUR DECISION COINCIDED WITH BILATERAL TENSIONS STEMMING FROM USG AND CONGRESSIONAL CONCERNS OVER HUMAN RIGHTS ABUSES IN TIBET, AND THE EXPULSION OF TWO PRC DIPLOMATS

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FROM THE U.S. FOR ESPIONAGE ACTIVITIES. BILATERAL

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MILITARY RELATIONS LOST MOMENTUM AS A DIRECT RESULT OF THESE FRICTIONS.

11. WHILE THESE ISSUES BREWED, HOWEVER, THE RELATIONSHIP HAS EXHIBITED RESILIENCY. BOTH SIDES SHOWED THE NECESSARY WILL TO DEAL FORTHRIGHTLY WITH THE PROBLEMS, WHILE MAINTAINING NORMALCY AND EVEN FORWARD MOMENTUM IN CERTAIN CORE AREAS OF THE RELATIONSHIP. LAST YEAR ENDED WITH SUCCESSFUL CONCLUSION OF A TOUGH NEW BILATERAL TEXTILE TRADE AGREEMENT, SIGNED DURING USTR YEUTTER'S SUCCESSFUL VISIT IN FEBRUARY. THOUGH THE U.S. SUFFERED ITS LARGEST EVER BILATERAL TRADE DEFICIT WITH CHINA, YEAR-END TRENDS SHOWED A LARGE BOOST IN PURCHASES FROM THE U.S., INCLUDING GRAIN. BY THE TIME OF FOREIGN MINISTER WU XUEQIAN'S VISIT TO WASHINGTON LAST MARCH, CONGRESSIONAL ATTENTION TO THE TIBET ISSUE HAD RECEDED AT LEAST TEMPORARILY. FURTHERMORE, THE CHINESE HAD MADE SUFFICIENT EFFORTS TO ADDRESS OUR CONCERNS ON MISSILE SALES TO IRAN THAT THE WAY WAS OPEN TO ANNOUNCE RESUMPTION OF THE PROCESS OF TECHNOLOGY TRANSFER LIBERALIZATION FOR CHINA. WU'S AGREEMENT IN PRINCIPLE TO A PEACE CORPS CONTINGENT, THE FIRST EVER TO BE INVITED BY A COMMUNIST COUNTRY, ADDED A FRESH, POSITIVE ELEMENT TO THE RELATIONSHIP.

12. UNFORTUNATELY, CHINESE SALES OF BALLISTIC MISSILES TO SAUDI ARABIA HAS VERY RECENTLY INTRODUCED YET ANOTHER SERIOUS ISSUE INTO THE RELATIONSHIP. APART FROM CONCERNS OVER THE WEAPON'S DESTABILIZING EFFECTS IN THE GULF AND

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E.O. 12356: DECL: OADR
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MIDDLE EAST, WE SEE AN EVEN MORE BASIC THREAT
TO GLOBAL PEACE AND SECURITY IN THE PROLIFERATION
OF NUCLEAR-CAPABLE, MEDIUM-RANGE BALLISTIC

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MISSILES. CHINA'S WILLINGNESS TO ACT RESPONSIBLY IN ITS ARMS SALES THEREFORE CONTINUES TO BE AN ISSUE WHICH AFFECTS U.S. POLITICAL SUPPORT FOR STRENGTHENING MILITARY RELATIONS OR FOR LIBERALIZING TECHNOLOGY TRANSFER POLICY.

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13. THIS IS TIAN'S FIRST VISIT TO THE U.S., AND HIS FIRST OVERSEAS TRIP AS A MEMBER OF THE NEW LEADERSHIP TEAM. IT IS IMPORTANT THEREFORE THAT WE IMPRESS HIM WITH THE STRENGTH AND VITALITY OF AMERICA, AND ITS IMPORTANCE TO CHINA'S ECONOMIC AND SECURITY OBJECTIVES. APPRECIATION OF THESE POINTS COULD MAKE HIM A BROADER-GAUGED DECISION MAKER WHEN CONFRONTED LATER WITH SPECIFIC ISSUES IN THE RELATIONSHIP. HE WILL REPORT BACK OUR VIEWS AND HIS IMPRESSIONS TO THE REST OF THE LEADERSHIP. HE WILL WANT TO FOCUS ON REASSURING U.S. LEADERS AND THE PUBLIC ABOUT THE PERMANENCE OF CHINA'S REFORMS, AND TO PROMOTE U.S. BUSINESS INTEREST IN INVESTING IN CHINA. HE WILL PROBABLY SEEK TO MINIMIZE DISCUSSION OF OUR GEOPOLITICAL DIFFERENCES, PARTLY BECAUSE HE IS LESS SCHOOLED IN THESE AREAS.

14. WE WILL WANT TO EXPRESS SUPPORT FOR CHINA'S REFORMS AND MODERNIZATION. BUT WE WILL ALSO NEED TO POINT OUT THAT GLOBAL ECONOMIC TRANSFORMATIONS

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AFFECTING THE U.S. AND CHINA PRESENT CHALLENGES, THAT IF NOT ADDRESSED CONSTRUCTIVELY, MAY INHIBIT PROGRESS ON COOPERATION IN TRADE AND INVESTMENT, AND COULD LEAD TO FRICTIONS. WE SHOULD ALSO SEEK TO CONTRIBUTE TO TIAN'S GROOMING AS A STATESMAN BY EXPOSING HIM TO FRANK, FULL DISCUSSIONS OF OUR POLITICAL AND SECURITY CONCERNS. THROUGH HIM WE CAN REACH THE HIGHEST-LEVEL CHINESE LEADERS WHO ARE CALLING THE SHOTS ON KEY ISSUES LIKE ARMS SALES. BY VIRTUE OF HIS POSITIONS ON THE STATE COUNCIL AND POLITBURO, AND HIS PERSONAL CLOSENESS TO GENERAL SECRETARY ZHAO, TIAN COULD CONTRIBUTE TO RESOLUTION OF KEY PROBLEMS, AND ADVANCE THE RELATIONSHIP. ONE OUTCOME OF TIAN'S VISIT COULD ALSO BE THE ANNOUNCEMENT OF U.S. LEADERSHIP VISITS TO CHINA THIS YEAR WHICH COULD CONTINUE OUR HIGH-LEVEL DIALOGUE.

15. AT THE END OF THIS SCENESETTER, WE HAVE

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SUGGESTED THE MOST IMPORTANT ISSUES WHICH MIGHT BE RAISED AND POINTS TO BE MADE WITH TIAN IN HIS SEPARATE MEETINGS WITH THE PRESIDENT, VICE PRESIDENT, SECRETARIES SHULTZ, CARLUCCI, BAKER, VERITY, AND USTR YEUTTER. END SUMMARY.

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BACKDROP: TIAN'S LEADERSHIP ROLE IN THE CONTEXT OF REFORMS

16. TIAN JIYUN'S REELECTION TO ANOTHER FIVE-YEAR TERM AS VICE PREMIER AT THE JUST-CONCLUDED SEVENTH NATIONAL PEOPLE'S CONGRESS (NPC) IS SYMBOLIC OF THE LEADERSHIP'S RESOLVE TO PUSH AHEAD WITH THE FAR-REACHING ECONOMIC AND POLITICAL

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E.O. 12356: DECL: OADR

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REFORMS LAUNCHED BY THE 13TH PARTY CONGRESS LAST OCTOBER. AS A POLITBURO MEMBER AND A REFORMIST. PROTEGE OF PARTY SECRETARY ZHAO ZIYANG, THE 59-YEAR OLD TIAN IS A MAJOR FIGURE IN THE NEW, YOUNGER GENERATION THAT THE PARTY CONGRESS AND THE NPC PUT IN PLACE AS MANY OF THE MORE CONSERVATIVE OLD GUARD FIGURES IN THE CENTRAL COMMITTEE AND THE STATE COUNCIL STEPPED DOWN.

17. TIAN WAS FOR A TIME A TOP CONTENDER FOR THE PREMIERSHIP AFTER ZHAO WAS ELEVATED TO PARTY SECRETARY LAST YEAR, BUT LOST OUT TO FELLOW VICE PREMIER LI PENG THROUGH AN APPARENT DENG-MANAGED COMPROMISE DESIGNED TO MOLLIFY CONSERVATIVES ON PERSONNEL CHOICES, IN RETURN FOR ENDORSEMENT OF THE BOLD REFORM PROGRAM. AS THE YOUNGEST OF THE THREE VICE PREMIERS ELECTED AT THE NPC TO WHAT WE REGARD AS A TRANSITIONAL LEADERSHIP TEAM (YAO YILIN IS 71, FORMER FOREIGN MINISTER WU XUEQIAN IS 67), TIAN REMAINS A STRONG CONTENDER IN THE FUTURE FOR PREMIER OR A TOP

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PARTY POSITION AS ZHAO ESTABLISHES HIS OWN CLAIMS TO ASSUME EVENTUALLY THE MANTLE NOW WORN BY DENG XIAOPING.

18. AS A FINANCIAL EXPERT AND VICE PREMIER, TIAN HAS BEEN POINT MAN ON PROMOTING BOTH THE MOST IMPORTANT, AS WELL AS THE THORNIEST, SYSTEMIC REFORMS IN AGRICULTURE, FINANCE AND

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TAXATION, AND PRICE REFORM. HIS NEW PORTFOLIO STILL INCLUDES AGRICULTURE, BUT ALSO COVERS FOREIGN TRADE AND INVESTMENT. IN EFFECT IT MAKES HIM THE KEY INTERPRETER AND IMPLEMENTER OF CHINA'S REFORMIST POLICY OF OPENING TO THE OUTSIDE. ALTHOUGH TIAN DOES NOT HAVE DIRECT RESPONSIBILITY FOR FOREIGN AFFAIRS, HE HAS MET FREQUENTLY WITH FOREIGN DELEGATIONS, AND OVER THE PAST FIVE YEARS HAS TRAVELED EXTENSIVELY IN EUROPE, AFRICA, THE MIDDLE EAST, AND EAST ASIA AS A LEADER OF GOVERNMENT OR PARTY DELEGATIONS, PRINCIPALLY DEALING WITH ECONOMIC RELATIONS. THIS IS HIS FIRST VISIT TO THE U.S. TIAN'S NEW RESPONSIBILITIES WILL RAISE HIS PROFILE AMONG FOREIGNERS AND HIS DIRECT IMPORTANCE TO THE U.S.

19. THOUGH TIAN IS RELATIVELY UNFAMILIAR WITH POLITICAL AND SECURITY ISSUES, BOTH WE AND HIS SUPERIORS WILL WISH TO TAKE ADVANTAGE OF HIS VISIT TO TUTOR HIM IN THE GEOPOLITICAL REALITIES WHICH AFFECT OVERALL RELATIONS. TIAN WILL REPORT BACK OUR VIEWS AND HIS IMPRESSIONS TO CHINA'S TOP LEADERS IN THE OLD GUARD, AND TO HIS COLLEAGUES ON THE NEW TEAM OF GOVERNMENT AND PARTY LEADERS. IN THE WAKE OF THE RECENT CONGRESSES, THIS NEW LEADERSHIP WILL BE SURVEYING THE WORLD SCENE AND WILL PUT ITS STAMP ON FUTURE CHINESE FOREIGN POLICY.

REFORMS IN TRANSITION

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FROM AMBASSADOR LORD.

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20. CHINA STANDS AT A CRUCIAL STAGE OF REFORM. ALONG WITH THE UNEQUIVOCAL SUCCESSES OF REFORM OVER THE PAST DECADE HAVE COME WRENCHING UNFORESEEN DISLOCATIONS, GIVING RISE TO FORMATION OF NEW, VOCAL INTEREST GROUPS AND DISCONTENT AMONG BUREAUCRATS AND OFFICIALS WHOSE POWER HAS EBBED WITH THE DILUTION OF TOTALITARIANISM. LAST YEAR, CONSERVATIVE IDEOLOGUES, UNWITTINGLY ABETTED BY CYNICAL INTELLECTUALS IMPATIENT WITH THE PACE OF POLITICAL AND ECONOMIC REFORM, NEARLY BROUGHT REFORMS TO A STANDSTILL FOR A TIME. BY LAST FALL, INTENSE NATIONAL INTROSPECTION AND DEBATE HAD PRODUCED AN APPARENT CONSENSUS, EMBODIED IN THE REPORT OF THE LANDMARK 13TH PARTY CONGRESS, THAT REFORM WAS CHINA'S ONLY FEASIBLE PATH TO AVOIDING FALLING FURTHER BEHIND THE DEVELOPED WORLD, AND TO BUILDING NATIONAL POWER. THE REFORMISTS NO LONGER HAVE EFFECTIVE OPPOSITION. DEBATES ARE NOT NOW BETWEEN REFORMERS AND ORTHODOX CONSERVATIVES, BUT BETWEEN MODERATE REFORMERS AND THE MORE RADICAL STRIPE. MOVEMENT TOWARDS A MARKET ECONOMY IS NOW AN UNABASHED GOAL OF THE PARTY, WITH NO SIGNIFICANT KNOWN DISSENTERS. LI PENG, ONCE SUSPECTED OF BEING CONSERVATIVE, DECLARED IN HIS RECENT MAJOR ADDRESS TO THE NATIONAL PEOPLE'S CONGRESS THAT THE SOLUTIONS TO THE PROBLEMS OF REFORM LAY IN

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MORE REFORM, NOT LESS.

21. HOWEVER, THE WEIGHT OF CONSENSUS IS NOW

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TOWARD A MORE CAUTIOUS APPROACH TO REFORM, AND THE LEADERSHIP BALANCE REFLECTS IT. IF CHINA'S ENDURING, BOLD REFORM VISION IS TO HAVE A CHANCE IN THE LONG RUN, A NUMBER OF ACUTE ISSUES MUST BE CONFRONTED AND DEALT WITH QUICKLY. THESE INCLUDE THE EMERGENCE OF INCOME DISPARITIES AMONG INDIVIDUALS, AND REGIONS, AND INEQUALITY OF OPPORTUNITIES. THEY ALSO INCLUDE CENTRIFUGAL FORCES UNLEASHED BY A WELL-INTENTIONED, EVEN LIBERAL, PROCESS OF DECENTRALIZATION WHICH BEGAN BEFORE METHODS OF INDIRECT, MARKET-BASED MECHANISMS WERE IN PLACE TO ENSURE BASIC CONTROL OF THE NATIONAL ECONOMY AS THE PLANNING APPARATUS WITHERED. INFLATION, THE RESULT OF A MIX OF GOOD PRICE REFORM WITH BAD INDUSTRIAL PRODUCTIVITY AND EFFICIENCY, AND A STILL FAR-FROM-DEVELOPED MARKET, IS NOW RUNNING AT DOUBLE DIGITS, AND HAS THE ATTENTION OF EVERYONE IN CHINA. FOR THE NEXT TWO TO THREE YEARS AT LEAST, IT IS LIKELY TO SERVE AS A BRAKE ON THE PACE BY WHICH FURTHER PRICE REFORMS AND OTHER COMPREHENSIVE SYSTEMIC REFORMS CAN PROCEED BROADLY. THERE ARE STILL THE LONG-STANDING, UNRESOLVED PROBLEMS OF POPULAR IMPATIENCE WITH INADEQUATE HOUSING, AND OFFICIAL CORRUPTION AND CRONYISM. GRAIN PRODUCTION HAS STAGNATED. CHINA MAY BE MORE TOLERANT OF THE ALIEN IDEAS WHICH BLOW IN THROUGH ITS OPEN DOOR. BUT SOME ARE BEGINNING TO WORRY ABOUT THE GROWING VULNERABILITY OF

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FROM AMBASSADOR LORD

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E.O. 12356: DECL: OADR

TAGS: OVIP, PREL, CH, US

SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

CHINA TO THE UP-AND-DOWN BUSINESS CYCLES WHICH
AFFECT IT THROUGH GROWING INTEGRATION WITH THE
GLOBAL ECONOMY.

22. WHILE FOCUSED ON THE SHORT-TERM IMPERATIVE

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TO REIN IN INFLATION, THE LEADERSHIP APPEARS TO BE BACKING UP ITS RHETORIC ABOUT THE NEED FOR MORE REFORM AS THE SOLUTION TO THE WIDE ARRAY OF PROBLEMS IT FACES. NEW REFORMS ARE BEING LAUNCHED, AND OLD ONES CONTINUED AND EXPANDED. AS THE PRINCIPAL ARCHITECT OF CHINA'S TRADE AND INVESTMENT STRATEGIES, TIAN WILL PLAY A KEY ROLE IN TACKLING DIFFICULT, MAJOR TRADE REFORMS AND OTHER MARKET-OPENING MEASURES NOW UNDERWAY. STRUCTURAL REFORMS LAUNCHED THIS YEAR HOLD THE POTENTIAL OVER TIME TO PUT CHINA'S ENTERPRISES INTO DIRECT CONTACT WITH THE INTERNATIONAL MARKET, TO DECENTRALIZE TRADE DECISIONS, AND TO ENLIVEN THE TRADE SECTOR BY ALLOWING GREATER RETENTION OF FOREIGN EXCHANGE AT THE PRODUCER LEVEL. IF CHINA SUCCEEDS IN GRADUALLY DISMANTLING THE "AIRLOCK" WHICH HAS INSULATED ITS ECONOMY FROM INTERNATIONAL MARKET INFLUENCES, IT WILL PROMOTE FURTHER CHANGES IN CHINA'S FOREIGN TRADE STRUCTURE AND MOVE CHINA CLOSER TO GATT PRINCIPLES. OF EQUALLY POSITIVE POTENTIAL IMPACT ON BILATERAL TRADE AND INVESTMENT IS CHINA'S NEW OUTWARD-ORIENTED COASTAL DEVELOPMENT STRATEGY, EMPHASIZING

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DEVELOPMENT OF LABOR-INTENSIVE, EXPORT-PROCESSING INDUSTRIES. UNVEILED BY PARTY SECRETARY ZHAO IN JANUARY, THE PLAN REPRESENTS A NEW ECONOMIC GROWTH STRATEGY WHICH MOVES CHINA FURTHER AWAY FROM AN IMPORT-SUBSTITUTION GROWTH MODEL AND POSITS INSTEAD MORE DIRECT EXPOSURE OF THE COASTAL REGION TO THE DISCIPLINE OF INTERNATIONAL MARKET FORCES. WHILE THE STRATEGY CALLS INITIALLY FOR RELIANCE ON EXISTING ADVANTAGES OF CHEAP LABOR TO PUSH EXPORTS OF LABOR-INTENSIVE MANUFACTURES, NECESSARY INGREDIENTS FOR THIS DRIVE WILL BE INCREASED IMPORTS OF EQUIPMENT, TECHNOLOGY, KNOW-HOW AND RAW MATERIALS, AND GRAIN TO FEED THE CITIES ALONG THE COAST.

23. THE COASTAL STRATEGY, WITH ITS ATTENDANT HUNGER FOR CAPITAL AND MARKETS, SEEMS TO HAVE STRENGTHENED THE LEADERSHIP'S COMMITMENT TO IMPROVING CHINA'S FOREIGN INVESTMENT ENVIRONMENT. PREMIER LI PENG'S KEYNOTE ADDRESS TO THE NPC CALLED FOR IMPROVEMENTS IN CHINA'S INVESTMENT

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CLIMATE BY BUILDING INFRASTRUCTURE, INCREASING ADMINISTRATIVE EFFICIENCY, AND PROTECTING THE MANAGERIAL RIGHTS OF FOREIGN INVESTORS. EARLIER, PARTY GENERAL SECRETARY ZHAO CALLED ON ALL PROVINCES AND MUNICIPALITIES TO CLOSELY INVESTIGATE BUREAUCRATIC AND OTHER PROBLEMS ENCOUNTERED BY CHINA'S 4,000 OR SO REGISTERED FOREIGN INVESTMENTS. IN RECENT MONTHS, NEW ORGANIZATIONS TO ASSIST INVESTORS HAVE BEEN ESTABLISHED. ALSO, NEW MEASURES HAVE BEEN ADOPTED TO HELP RESOLVE THE CHRONIC FOREIGN EXCHANGE SHORTAGES FACED BY MOST FOREIGN-INVESTED ENTERPRISES, INCLUDING EXPANSION OF

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E.O. 12356: DECL: OADR

TAGS: OVIP, PREL, CH, US

SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

FOREIGN EXCHANGE SWAP MARKETS AND IMPORT
SUBSTITUTION RULES PERMITTING SOME DOMESTIC
SALES FOR FOREIGN EXCHANGE.

24. TIAN'S EXPERIENCE, RESPONSIBILITY FOR
REFORMS GENERALLY AND AGRICULTURE, CLOSENESS
TO ZHAO, AND POSITION ON THE POLITBURO MEAN
THAT HE WILL ALSO LIKELY PLAY A CONTINUING
ROLE IN MAINTAINING THE MOMENTUM OF DENG XIAOPING'S
DOMESTIC REFORM AGENDA. ALTHOUGH PRICE REFORM
REMAINS A KEY OBJECTIVE, INFLATION HAS FORCED
THE CHINESE TO SHIFT THEIR PRIMARY SHORT-TERM
EMPHASIS TO ENHANCING THEIR INSTRUMENTS OF
MACROECONOMIC CONTROL OVER FISCAL AND MONETARY
POLICIES, CONSUMPTION AND INVESTMENT.
MICROECONOMIC ENTERPRISE REFORM IS GIVING
FACTORY MANAGERS GREATER FREEDOM FROM STATE AND
PARTY INTERFERENCE WHILE THE CONTRACT RESPONSIBILITY
SYSTEM ENCOURAGES THEM TO IMPROVE EFFICIENCY.
INCREMENTAL PRICE REFORM WILL BE PUSHED IN THE
NEWLY-OPENED COASTAL REGIONS WHERE INCOMES ARE
GROWING RAPIDLY ENOUGH TO OFFSET THE INFLATIONARY

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IMPACT OF DECONTROLLED PRICES.

25. THE LEADERSHIP CONTINUES TO MOVE AHEAD WITH NATIONAL MARKETS FOR CAPITAL GOODS, RAW MATERIALS, TECHNOLOGY, LABOR, CAPITAL AND HOUSING, AND WITH EXPANSION OF THE COLLECTIVE AND INDIVIDUAL ENTERPRISE SECTORS... TO REDUCE

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DIRECT GOVERNMENT INTERFERENCE IN ECONOMIC ACTIVITIES, THE NPC SLIMMED DOWN THE NUMBER AND STAFFING OF STATE AGENCIES, AND SHIFTED THEIR FUNCTIONS, MAKING THOUSANDS OF STATE CORPORATIONS AND ENTERPRISES RESPONSIBLE FOR THE FIRST TIME FOR THEIR OWN DECISIONS, PROFITS AND LOSSES. INDIRECT MACROECONOMIC CONTROLS THROUGH THE CENTRAL BANK ARE BEING GRADUALLY BEEFED UP TO REPLACE COMMAND PLANNING. FINANCING IS SHIFTING FROM STATE BUDGET ALLOCATION TO BANK LOANS AND SECURITIES ISSUANCE.

26. AS TIAN AND THE OTHER LEADERS CONTINUE TO CREATE THE POLICY FRAMEWORK WHICH ALLOWS DECENTRALIZATION AND INDIVIDUAL EFFORTS TO BE REWARDED, REFORMS ARE ACQUIRING THEIR OWN SPONTANEOUS DYNAMIC. DESPITE THE BIRTH PANGS OF CHINA'S MASSIVE SOCIETAL TRANSFORMATION, WE BELIEVE THESE REFORMS WILL TEND TO PERPETUATE THE PROCESS OF DECREASING THE STATE'S ROLE IN THE DAILY LIFE OF THE COUNTRY, AND ACT TO RENDER HIGHLY UNLIKELY A REVERSE IN BASIC COURSE. THE PROSPECT OF RETURNING TO THE POVERTY AND DISMAL PROSPECTS OF THE OLD SYSTEM WOULD BE UNTHINKABLE TO MOST CHINESE. IT WOULD REQUIRE MASSIVE SOCIAL UPHEAVAL TO REVERSE THE FLOW OF TENS OF MILLIONS OF WORKERS OUT OF AGRICULTURE AND INTO RURAL INDUSTRIES, MARKET TOWNS, AND CITIES WHERE THEIR INCOMES HAVE GROWN SUBSTANTIALLY. MILLIONS MORE NOW RELY FOR THEIR LIVELIHOOD ON COLLECTIVE AND INDIVIDUAL VENTURES THAT DEPEND ON MARKET REFORMS FOR SURVIVAL. EVEN STATE-OWNED ENTERPRISES NOW LOOK TO THE MARKET TO SUPPORT HALF OF THEIR

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PRODUCTION. REFORMS AND THE OPEN DOOR HAVE HELPED MANY OF THESE TO DIVERSIFY AND ACHIEVE QUALITY APPROACHING WORLD STANDARDS. IN CHINA'S BEST ENDOWED, MOST IMPORTANT ECONOMIC REGIONS, NATIVE ENTREPRENEURSHIP IS INCREASINGLY FILLING THE VACUUM LEFT BY RETREATING STATE PLANNERS, AND CONTRIBUTING TO GROWTH RATES SURPASSING THOSE EVEN OF CHINA'S CLOSE NEIGHBORS, THE NIC'S. THESE FACTORS REFLECT FUNDAMENTAL STRUCTURAL CHANGES THAT CANNOT EASILY BE REVERSED. THE LEADERSHIP HAS NO INTENTION OF DOING SO.

CHINA'S FOREIGN POLICY

27. CHINA'S GROWING ECONOMIC STRENGTH IS ACCOMPANIED BY A NEW ASSERTIVENESS IN INTERNATIONAL AFFAIRS. CHINA'S SELF-IMAGE AS AN EMERGING POWER IS MATCHED BY ITS VIEW THAT SUPERPOWER DOMINANCE IS DILUTED BY AN INCREASINGLY MULTIPOLAR WORLD. TIAN'S OWN PAST VISITS AROUND THE WORLD, AND HIS TRIPS TO MEXICO AND CANADA BEFORE AND AFTER HIS VISIT TO THE U.S., ARE PART OF CHINA'S DIPLOMATIC EFFORTS TO PROMOTE MULTIPOLARITY. CHINA'S EXPLICIT STRATEGIC TILT TOWARD THE U.S. WHICH PROMPTED NORMALIZATION WAS REPLACED IN THE EARLY 1980'S WITH A SHIFT TOWARD AN "INDEPENDENT" FOREIGN POLICY. THE CHINESE STRESS PRIVATELY, HOWEVER, THAT THIS DOES NOT

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IMPLY AN EQUIDISTANT POSTURE TOWARDS THE U.S. AND THE SOVIET UNION. INDEED, THEY SEE THE LONG-TERM STRATEGIC THREAT AS COMING FROM THE SOVIETS. THEY VIEW THE U.S. NOT ONLY AS NON-THREATENING, BUT AS POSITIVELY CONTRIBUTING TO

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THE GLOBAL AND REGIONAL BALANCE NECESSARY FOR THE SUCCESS OF CHINA'S NATIONAL REFORM AND MODERNIZATION DRIVE. WE SHARE OPPOSITION TO SOVIET AND VIETNAMESE EXPANSIONISM, AS WELL AS A COMMON WISH FOR STABILITY ON THE KOREAN PENINSULA. CHINA TACITLY CONDONES OUR PHILIPPINE BASES AS A NECESSARY CHECK TO SOVIET INROADS IN THE PACIFIC AND ASIAN REGION, AND AN OFFSET TO THE SOVIET BASES IN VIETNAM. CHINA'S GROWING STAKE IN GLOBAL TRADE UNDERLINES ITS EFFORTS TO IMPROVE TIES WITH ASEAN, WITH SOUTH KOREA, AND EVEN TAIWAN WHICH ACCORD WITH OUR INTERESTS.

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28. INCIPIENT DIVERGENCE WITHQUS ON SOME INTERNATIONAL ISSUES, HOWEVER, REFLECTS CHINA'S NEW GLOBAL ASSERTIVENESS. THIS TREND IS EVIDENT IN THE GULF AND MIDDLE EAST, WHERE CHINA'S ARMS SALES THREATEN U.S. INTERESTS. CHINA'S RECENT ACTION TO ASSERT ITS TERRITORIAL CLAIMS IN THE SOUTH CHINA SEA AUGUR A GROWING CAPABILITY AND WILL FOR POWER PROJECTION. THIS TENDENCY, COUPLED WITH CHINA'S HISTORICAL SUSPICIONS OF TOKYO, CARRY THE POTENTIAL FOR GROWING DISAGREEMENT WITH THE U.S. OVER JAPAN'S PROPER DEFENSE RESPONSIBILITIES IN THE PACIFIC. SOME OF OUR ASEAN FRIENDS REMAIN WARY OF CHINA'S LONG-TERM ROLE AS AN ECONOMIC COMPETITOR AND A REGIONAL POWER.

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29. NONETHELESS, CHINA'S FOREIGN POLICY IS
DRIVEN TO AN IMPORTANT EXTENT BY ITS ECONOMIC
PRIORITIES. THIS REINFORCES A CONTINUING
DE FACTO TILT TOWARD THE WEST, PARTICULARLY THE
U.S., AND JAPAN WHICH CAN PROVIDE THE MARKETS,
INVESTMENT CAPITAL AND ADVANCED TECHNOLOGY
ESSENTIAL TO CHINA'S ECONOMIC DEVELOPMENT.

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CHINA'S RELATIONS WITH EUROPE, BOTH WEST AND EAST, WILL ALSO BENEFIT FROM THIS ECONOMIC FACTOR, WHICH ALSO REINFORCES CHINA'S PROMOTION OF GEOPOLITICAL MULTIPOLARITY.

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30. PASSIVELY ENJOYING AMERICA'S SECURITY PRESENCE IN ASIA, AND BUOYED BY THEIR OWN SUCCESSES AT REFORM, THE CHINESE HAVE CAUTIOUSLY SOUGHT TO REDUCE TENSIONS WITH THE SOVIET UNION. SINO-SOVIET RELATIONS ARE MOVING AHEAD FASTER THAN THE CHINESE WOULD HAVE US BELIEVE, AND MORE SLOWLY THAN THE SOVIETS WOULD LIKE--OR HAVE US BELIEVE. TRADE, ECONOMIC COOPERATION AND CULTURAL EXCHANGES BETWEEN THE TWO NEIGHBORS HAVE EXPANDED SIGNIFICANTLY IN THE PAST FEW YEARS. SOME PROGRESS HAS BEEN MADE IN RENEWED NEGOTIATIONS ON THE BILATERAL BORDER DISPUTE, ESPECIALLY IN THE NORTHEAST ALONG THE AMUR RIVER. CHINA'S BORDER PROVINCES, LEFT BEHIND BY THE NEW COASTAL DEVELOPMENT STRATEGY, HAVE REACTED WITH ENTHUSIASM TO THE SECOND-BEST OPPORTUNITY

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PRESENTED BY REVIVAL OF BORDER TRADE WITH THE SOVIETS.

31. THERE ARE INHERENT LIMITS TO SINO-SOVIET RAPPROCHEMENT. LOCAL BORDER TRADE BOOMS, BUT IS STILL COUNTED IN TERMS OF ONLY TENS OF MILLIONS OF DOLLARS IN VALUE. WIDE TIES OF TRADE AND ECONOMIC COOPERATION ARE FETTERED BY THE AWKWARD PROCESS OF BARTER TRADE, AND BY THE PREFERENCE OF BOTH SIDES TO RESERVE THEIR BEST EXPORT PRODUCTS FOR WESTERN MARKETS WHERE FOREIGN EXCHANGE CAN BE EARNED. POLITICALLY, THE ATMOSPHERE IS AFFECTED BY CENTURIES OF ENMITY BETWEEN THE TWO NEIGHBORING, CONTENDING EMPIRES, TINGED WITH MUTUAL RACIAL BIAS AND OVERLAPPING ETHNIC POPULATION. THE CHINESE ARE EMPHATIC THAT RELATIONS WITH THE SOVIET UNION WILL NEVER AGAIN TAKE ON THE ALLIANCE CAST OF THE 1950'S. THE CHINESE HAVE REACTED CAUTIOUSLY TO GORBACHEV'S FOREIGN POLICY GESTURES AND CONTINUE TO INSIST ON REMOVAL OF THE "THREE MAJOR OBSTACLES" AS THE

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LIMITS TO SINO-SOVIET RAPPROCHEMENT NOTED ABOVE.

BILATERAL RELATIONS

32. IN THE PAST SIX MONTHS, WE HAVE SEEN BILATERAL POLITICAL RELATIONS SEVERELY BUFFETED BY A NUMBER OF UNFORESEEN STORMS: WRANGLING OVER TIBET AS CHINA STRUGGLED TO MAINTAIN ITS CONTROL AND LEGITIMATE CLAIMS TO SOVEREIGNTY THERE IN THE FACE OF SEPARATIST INSURRECTION, AND AS THE U.S. STOOD UP AGAINST ABUSES OF HUMAN RIGHTS; MASSIVE CHINESE ARMS SALES TO THE GULF, ESPECIALLY OF THE SILKWORM ANTI-SHIP MISSILES TO IRAN WHICH THREATENED LIVES AND PROPERTY OF THE U.S. AND THE PRINCIPLE OF FREE NAVIGATION; THE RESULTANT U.S. DECISION TO FREEZE FURTHER LIBERALIZATION OF COCOM TECHNOLOGY EXPORT CONTROLS FOR CHINA; U.S. EXPULSION OF TWO CHINESE DIPLOMATS FOR ESPIONAGE; AND VARIOUS CONGRESSIONAL RESOLUTIONS DEALING WITH CHINESE INTERNAL ISSUES. REFLECTING THE SOLID UNDERPINNINGS OF U.S.-CHINA RELATIONS, BOTH SIDES SHOWED THE NECESSARY WILL TO TAKE STEPS TO LIMIT DAMAGE TO CORE ELEMENTS OF THE

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RELATIONSHIP STEMMING FROM THESE TENSIONS.
BY THE TIME OF FOREIGN MINISTER WU XUEQIAN'S
VISIT TO WASHINGTON IN MARCH, TIBET HAD RECEDED
CONSIDERABLY AS AN ISSUE; OUR ACTIONS ON
EXPORT CONTROLS HAD GOTTEN CHINESE ATTENTION

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AND STEMMED THE FLOW OF SILKWORMS TO IRAN;
AND THE CHINESE HAD DECIDED TO LET THE
DIPLOMAT-EXPULSION INCIDENT PASS WITHOUT
REPRISAL. SYMBOLIZING THE CONTINUING MOMENTUM
OF THE RELATIONSHIP, FOREIGN MINISTER WU
ANNOUNCED CHINA'S AGREEMENT IN PRINCIPLE TO
ACCEPT A PEACE CORPS CONTINGENT, THE FIRST
COMMUNIST COUNTRY EVER TO DO SO.

33. THE NEW ELEMENT OF MATURITY AND NORMALCY
IN BILATERAL RELATIONS PERMITTED US TO HANDLE
FAIRLY SMOOTHLY SERIOUS POLITICAL ISSUES IN
RECENT MONTHS WITHOUT MAJOR REPERCUSSIONS IN
OTHER AREAS OF THE RELATIONSHIP. CULTURAL
EXCHANGES PROCEEDED APACE WITH THE VISIT OF
USIA DIRECTOR WICK, AND INTRODUCTION OF THE
WORLDNET TO CHINA. BILATERAL ECONOMIC RELATIONS
HAVE EXHIBITED A POSITIVE TREND. A NEW FOUR-YEAR
BILATERAL TEXTILES AGREEMENT, SIGNED AT THE
END OF USTR AMBASSADOR YEUTTER'S SUCCESSFUL
FEBRUARY VISIT TO BEIJING, HAS SUBSTANTIALLY
SLOWED THE GROWTH OF THESE POLITICALLY-
SENSITIVE IMPORTS FROM CHINA. RESUMPTION OF
USG DELIBERATIONS TO LIBERALIZE COCOM HIGH-
TECHNOLOGY EXPORT CONTROLS ON CHINA HAS
MUFFLED CHINESE COMPLAINTS ABOUT RESTRICTIONS
ON TECHNOLOGY TRANSFER WHILE POTENTIALLY
ENHANCING U.S. EXPORT COMPETITIVENESS IN THIS
MULTI-BILLION DOLLAR MARKET. BILATERAL TRADE
REACHED A RECORD USD 10.4 BILLION IN 1987.
STRONG SALES OF U.S. GRAIN IN 1987 MAY CONTINUE.
DESPITE A RECORD U.S. BILATERAL TRADE DEFICIT
OF USD 3.4 BILLION LAST YEAR, A GRADUAL
RELAXATION OF PRC IMPORT RESTRICTIONS IN

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RESPONSE TO SIGNIFICANT IMPROVEMENT IN CHINA'S CURRENT ACCOUNT BOOSTED U.S.-MANUFACTURED EXPORTS IN LATE 1987. THIS HOLDS THE PROMISE FOR BETTER U.S. EXPORT PERFORMANCE IN 1988. STRONG U.S. PRICE COMPETITIVENESS, DUE TO APPRECIATION OF THE YEN AND MAJOR EUROPEAN CURRENCIES AGAINST CHINA'S RMB (WHICH IS UNOFFICIALLY PEGGED TO THE DOLLAR), AND THE IMPORT DEMANDS CREATED BY CHINA'S COASTAL DEVELOPMENT STRATEGY, SHOULD ALSO STRENGTHEN U.S. EXPORTS. NEGOTIATIONS ON CHINA'S ACCESSION TO THE GATT WILL CONTINUE DURING 1988 IN AN ENVIRONMENT HOPEFULLY MADE MORE FELICITOUS AS CHINA PUSHES AHEAD WITH MAJOR TRADE SYSTEM REFORMS.

34. NONETHELESS, MAJOR BILATERAL ISSUES IN A NUMBER OF FIELDS REMAIN ON THE AGENDA AWAITING RESOLUTION OR CLARIFICATION. CHIEF AMONG THESE AT PRESENT IS CHINESE SALES OF MEDIUM-RANGE MISSILES TO SAUDI ARABIA. APART FROM OUR CONCERNS ABOUT INTRODUCTION OF A NEW CLASS OF WEAPONS WITH THE POTENTIAL TO FURTHER DESTABILIZE THE MIDDLE EAST AND GULF, THESE SALES RAISE EVEN MORE SERIOUS LONG-TERM CONCERNS ABOUT WIDER PROLIFERATION OF NUCLEAR-CAPABLE BALLISTIC MISSILE TECHNOLOGY. OUR RECENT ATTEMPTS TO ENGAGE CHINA IN A DIALOGUE CONCERNING THE NEED FOR STRICT FOREIGN-POLICY CONTROLS OVER THE

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SALE OF SUCH TECHNOLOGY SO FAR HAVE BEEN FIRMLY REBUFFED. MOVED PARTIALLY BY DESIRES TO EXPAND POLITICAL INFLUENCE, CHINA'S ARMS SALES ARE MORE MOTIVATED BY COMMERCIAL OBJECTIVES. BILLIONS OF DOLLARS OF ARMS EXPORTS ARE CRUCIAL TO PLA MODERNIZATION AND CHINA'S OVERALL TRADE BALANCE. THE CHINESE ALSO REJECT

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INFRINGEMENT ON CHINA'S SOVEREIGN RIGHT TO PARTICIPATE FREELY IN THE GLOBAL ARMS TRADE, JUST AS OTHER ARMS EXPORTERS DO. IN ADDITION, CHINA SEEKS TO EXPAND ITS INFLUENCE--GENERALLY AS A FACTOR IN THE MIDDLE EAST, SPECIFICALLY TO GAIN DIPLOMATIC RECOGNITION FROM SAUDI ARABIA AND GOODWILL FROM MODERATE ARABS WHO ARE CONCERNED ABOUT CHINA'S TIES WITH IRAN.

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CHINESE OBJECTIVES

35. THE CHINESE WILL GRASP TIAN'S FIRST WASHINGTON VISIT AS AN IMPORTANT OPPORTUNITY TO SEASON A YOUNGER LEADER THROUGH EXPOSURE TO TOP ADMINISTRATION OFFICIALS AND A WIDE RANGE OF BILATERAL AND GLOBAL ISSUES, MAJOR PRIVATE SECTOR FIGURES, AND U.S. SOCIETY IN GENERAL. THE SECOND MAJOR CHINESE OBJECTIVE WILL BE TO REASSURE THE U.S. LEADERSHIP AND PUBLIC ABOUT THE PERMANENCE OF THE REFORM DRIVE, AND TO GENERATE PRIVATE SECTOR ENTHUSIASM FOR INVESTMENT IN CHINA. IN HIS MEETINGS WITH PRESIDENT REAGAN, VICE PRESIDENT BUSH, SECRETARY SHULTZ, SECRETARY CARLUCCI, SECRETARY BAKER, SECRETARY VERITY, AND USTR AMBASSADOR YEUTTER, TIAN WILL SEEK TO MAINTAIN THE GENERALLY POSITIVE MOMENTUM IN THE RELATIONSHIP TO FURTHER CHINA'S ECONOMIC AND

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E.O. 12356: DECL: OADR
TAGS: OVIP, PREL, CH, US
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STRATEGIC INTERESTS. HE WILL SEEK TO DOWNPLAY
AS MUCH AS POSSIBLE ARMS SALES AND THE GULF
ISSUES BECAUSE CHINA IS ON THE DEFENSIVE ON
THESE ISSUES, AND BECAUSE HE MAY NOT FEEL
EQUIPPE
D TO DEAL WITH THEM EXPERTLY. HE WIL
BE INTERESTED TO LEARN MORE ABOUT U.S..
GEOSTRATEGIC PERSPECTIVES, WITH EMPHASIS ON
PROSPECTS FOR THE UPCOMING U.S.-SOVIET SUMMIT,

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ARMS CONTROL, AFGHANISTAN, CAMBODIA, KOREA AND JAPAN. FOR THE RECORD, HE WILL ALSO RAISE IN RITUALISTIC TERMS CHINESE POLITICAL CONCERNS OVER TIBET AND TAIWAN.

36. GIVEN HIS SPECIFIC RESPONSIBILITIES ON THE STATE COUNCIL, TIAN WILL FOCUS HIS EFFORTS THROUGHOUT HIS VISIT ON INCREASING CHINA'S GAINS FROM BILATERAL INVESTMENT AND TRADE RELATIONS. TIAN'S OBJECTIVES WILL LIKELY INCLUDE:

--LEARN WHAT CONCRETE MEASURES WE ARE ADOPTING, AND TIMING FOR THE RESUMPTION OF HIGH-TECHNOLOGY EXPORT CONTROL LIBERALIZATION IN COCOM, ANNOUNCED DURING FOREIGN MINISTER WU'S VISIT. TIAN MAY RAISE SPECIFIC TECHNOLOGY AND LICENSING CASES, INCLUDING TWO PENDING SUPERCOMPUTER APPLICATIONS. HE MIGHT ARGUE THAT RECENT U.S. APPROVAL OF A SUPERCOMPUTER FOR INDIA STRENGTHENS CHINA'S CASE.

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--ENCOURAGE U.S. SUPPORT FOR CHINA'S EARLY ENTRY INTO THE GATT, WITH A MINIMUM OF SAFEGUARDS OR OTHER CONDITIONS WHICH SINGLE OUT CHINA AS A NON-MARKET ECONOMY. THE SECOND GATT WORKING GROUP ON CHINA'S ACCESSION WILL HAVE MET IN GENEVA TWO WEEKS PRIOR TO TIAN'S VISIT TO THE U.S. TIAN MAY TAKE THE OPPORTUNITY TO REVIEW CHINA'S PLANS FOR AN EXTENSIVE TRADE REFORM PROGRAM TO DEMONSTRATE WHY SAFEGUARDS AND CONDITIONS IMPOSED ON THE ACCESSIONS OF OTHER SOCIALIST, PLANNED ECONOMIES ARE UNNECESSARY IN CHINA'S CASE.

--ARGUE FOR THE U.S. TO GRANT CHINA GSP BENEFITS AND UNCONDITIONAL MFN STATUS.

--LOBBY FOR EARLY CONCLUSION OF A BILATERAL INVESTMENT TREATY. CHINA AND THE U.S. REMAIN FAR APART ON CRITICAL RIGHTS AND PROTECTION FOR U.S. INVESTORS INVOLVING NATIONAL TREATMENT, THIRD-PARTY ARBITRATION, AND COMPENSATION FOR NATIONALIZATION.

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--RENEW PAST REQUESTS FOR U.S. SOFT-LOAN
FINANCING FOR DEVELOPMENT PROJECTS, SIMILAR TO
THAT PROVIDED BY 18 OTHER DEVELOPED COUNTRIES.

--COMPLAIN ABOUT REAL OR ALLEGED U.S. PROTECTIONISM,
PARTICULARLY AS REFLECTED IN THE 15 ANTI-DUMPING
CASES BROUGHT AGAINST CHINA IN THE PAST FIVE
YEARS. THE CHINESE ESPECIALLY RANKLE AT THE
NON-MARKET ECONOMY PROVISIONS OF THE ANTI-
DUMPING LAW WHICH THEY CLAIM IS INAPPROPRIATE

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AND UNFAIR TO CHINA.

--RAISE A NUMBER OF UNRESOLVED CONSULAR ISSUES, INCLUDING DISAGREEMENTS OVER VISA POLICY WHICH AFFECT BUSINESS INTERESTS ON BOTH SIDES.

--RAISE CHINESE DESIRES FOR A MARITIME AGREEMENT, CITING STANDARD CHINESE COMPLAINTS THAT LACK OF AN AGREEMENT RESULTS IN U.S. APPLICATION OF TONNAGE DUTIES ON CHINESE CARGOES, AND RESTRICTS PORT ACCESS TO CHINESE VESSELS, WHICH THE CHINESE CLAIM TO BE DISCRIMINATORY AND UNJUSTIFIED.

U.S. OBJECTIVES

37. TIAN'S VISIT PRESENTS US WITH AN EXCELLENT OPPORTUNITY TO IMPRESS THIS KEY LEADER WITH AMERICA'S STRENGTH AND VITALITY, AND WITH A SENSE OF THE STAKE CHINA HAS IN BUILDING GOOD RELATIONS WITH US. THROUGH MEETINGS WITH SENIOR ADMINISTRATION OFFICIALS, WE SHOULD EXPAND HIS GEOPOLITICAL HORIZONS, AND INCREASE HIS UNDERSTANDING OF THE U.S. POLITICAL SYSTEM. WE SHOULD ALSO GIVE HIM A FEEL FOR THE VARYING ROLES CONGRESS AND THE ADMINISTRATION PLAY ON

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ISSUES OF PRIMARY CONCERN TO HIM (TRADE POLICY
IN GENERAL, MARKET ACCESS, ANTI-DUMPING
LEGISLATION, GATT POLICY, INTELLECTUAL PROPERTY

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PROTECTION) AS WELL AS BILATERAL POLITICAL
FRICTIONS (TIBET, HUMAN RIGHTS). AT THE SAME
TIME, WE SHOULD SEEK TO LEARN MORE ABOUT TIAN'S
ROLE IN THE STATE COUNCIL AND GET A SENSE OF
THE MAN, HIS STYLE AND PHILOSOPHY.

38. OUR MORE SPECIFIC OBJECTIVES WOULD INCLUDE:

A. INTERNATIONAL AND POLITICAL ISSUES

--EXPLAIN THE REALITIES OF U.S. EXPORT
CONTROL POLICY CONCERNING CHINA. WE MUST POINT
OUT THE OBJECTIVE POLITICAL LINK BETWEEN THE
PACE OF LIBERALIZATION AND CHINESE ARMS SALES
THAT AFFECT IMPORTANT U.S. INTERESTS, WITHOUT
APPEARING TO SUGGEST BLACKMAIL. REITERATE THAT
WE WILL GO FORWARD WITH LIBERALIZATION AS PROMISED,
BUT THAT FUTURE CHINESE MISSILE SALES, IF SEEN
TO BE INDISCRIMINATE AND IRRESPONSIBLE AS TO
CUSTOMERS AND OVERALL IMPACT ON U.S. SECURITY
CONCERNS, WILL INEVITABLY AFFECT THE CLIMATE
OF SUPPORT IN THE U.S. FOR THE LIBERALIZATION
PROCESS.

--TO MEET BEST OUR OBJECTIVES, TALKS WITH
TIAN SHOULD BE CAST IN THE CONTEXT OF TWO MAJOR
COUNTRIES DISCUSSING VITAL ISSUES OF MUTUAL
CONCERN, RATHER THAN AS A SUPERPOWER
CYNICALLY OR HYPOCRITICALLY SEEKING TO CONSTRAIN
PRC ARMS SALES FOR ITS OWN ENDS. POINT OUT
THAT WE ARE NOT SINGLING CHINA OUT, BUT ARE
EXCHANGING VIEWS WITH A NUMBER OF OTHER
INTERESTED COUNTRIES, MANY OF WHICH SHARE OUR
CONCERNS. CHINA HAS THE CLEAR RIGHT TO SELL

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E.O. 12356: DECL: OADR

TAGS: OVIP, PREL, CH, US

SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

WEAPONS LIKE ANY OTHER NATION, BUT WE BELIEVE THE RESPONSIBILITIES OF MAJOR POWER STATUS REQUIRE CARE IN DECIDING WHAT TYPES OF TECHNOLOGIES AND WEAPONS SHOULD BE SOLD TO CERTAIN COUNTRIES AND REGIONS. IN PARTICULAR, TIAN SHOULD BE EDUCATED THAT MISSILE TECHNOLOGY TRANSFER AND BALLISTIC MISSILE PROLIFERATION CONSTITUTE AN INCREASINGLY IMPORTANT ISSUE AND FACTOR IN REGIONAL AND GLOBAL STABILITY. SUCH PROLIFERATION COULD COME BACK TO HAUNT CHINA IN THE FUTURE IF IT SPREADS TO COUNTRIES CLOSE TO CHINA'S BORDERS. HE SHOULD BE PERSUADED OF THE BENEFITS OF COOPERATION THROUGH CONSTRUCTIVE DIALOGUE WITH THE U.S. AND OTHERS ON MANAGING BILATERAL AND REGIONAL PROBLEMS RESULTING FROM PARTICULAR SALES. FINALLY, TIAN SHOULD HEAR OUR FRANK ADVICE THAT THE CHINESE SHOULD TIGHTEN UP THEIR POROUS ARMS SALES SYSTEM, ESPECIALLY WITH REGARD TO BALLISTIC MISSILES AND NUCLEAR-EXPLOSIVE RELATED MATERIAL.

--AS ONE WHO HAS LED CHINESE DELEGATIONS TO JAPAN SEVERAL TIMES, TIAN IS AN IDEAL INTERLOCUTOR ON CURRENT SINO-JAPANESE ISSUES AND THE FUTURE ROLE OF JAPAN GENERALLY.

--WE SHOULD ALSO SEEK TO ASSURE THE CHINESE LEADERSHIP, THROUGH TIAN, ON OUR HARD-HEADEDNESS WITH RESPECT TO MOSCOW; OUR CONTINUING SUPPORT

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FOR THE AFGHAN RESISTANCE IN THE WAKE OF SOVIET WITHDRAWALS; OUR STEADFASTNESS ON INDOCHINA POLICY; AND OUR GENUINE CONCERNS OVER THE SAFETY OF THE OLYMPICS AND STABILITY ON THE KOREAN PENINSULA.

B. BILATERAL ECONOMIC ISSUES

WE FACE A FULL PLATE OF ECONOMIC ISSUES. OUR

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APPROACH TO TIAN SHOULD BEGIN AT A LOFTY, CONCEPTUAL LEVEL, WITH RECOGNITION OF THE BROAD STRUCTURAL CHANGES AFOOT IN THE GLOBAL ECONOMY, AND THEIR IMPACT ON BOTH THE U.S. AND CHINA. WE SHOULD IMPRESS UPON TIAN THAT BILATERALLY, WE NEED TO WORK TOGETHER TO MAXIMIZE THE OPPORTUNITIES POSED BY GLOBAL ADJUSTMENTS, AND MINIMIZE THE INEVITABLE FRICTIONS WHICH WILL OCCASIONALLY DEVELOP AS OUR ECONOMIC LINKS BROADEN AND DEEPEN. TIAN SHOULD COME AWAY FROM HIS TOUR OF THE U.S. WITH AN UNDERSTANDING OF THE IMPORTANCE THAT OUR ECONOMIC VITALITY, TECHNOLOGICAL PROWESS, AND U.S. MARKETS PLAY IN HELPING CHINA REALIZE ITS GOALS FOR RAPID MODERNIZATION. THIS UNDERSTANDING WILL MAKE HIM A WISER DECISION-MAKER WHEN CONFRONTED WITH BILATERAL TRADE AND INVESTMENT ISSUES. HE MUST BE EDUCATED TO THE BASIC TRADE-OFF BETWEEN CONTINUED CHINESE ACCESS TO THE HUGE AMERICAN MARKET AND AMERICA'S NEED TO GAIN ACCESS TO IMPORTANT AREAS OF CHINA'S MARKET FOR GOODS AND SERVICES NOW RESTRICTED TO US. THIS TRADE-OFF IS CENTRAL TO THE SOLUTION OF MAJOR U.S. CONCERNS OVER BILATERAL ECONOMIC RELATIONS: TRADE FAIRNESS AND RECIPROCITY,

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E.O. 12356: DECL: OADR

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SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

CHINA'S GATT ACCESSION, MARITIME AND CIVAIR
ISSUES, TRADE IN SERVICES, AND THE INVESTMENT
ENVIRONMENT AND OPPORTUNITIES IN CHINA. THIS
TRADE-OFF WILL ALSO INEVITABLY COME TO DOMINATE
INCREASINGLY OUR BILATERAL DIALOGUE, AS FORESHADOWED
IN THE MUCH GREATER EMPHASIS ON RECIPROCITY IN
THE NEW U.S. OMNIBUS TRADE BILL, AND THE GREATER
PRESSURE THAT LEGISLATION PUTS ON THE EXECUTIVE
BRANCH TO GET OUR TRADE PARTNERS TO TRADE FAIRLY.
CHINA CAN EXPECT NO SPECIAL TREATMENT. THE KEY

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ECONOMIC OBJECTIVES FOR THE TIAN VISIT ARE:

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- --ASSURE TIAN OF U.S. SUPPORT FOR CHINA'S EFFORTS TO PARTICIPATE FULLY IN THE GATT. HOWEVER, IMPRESS UPON HIM THAT THOSE EFFORTS WILL BE SUCCESSFUL ONLY IF CHINA COMMITS ITSELF OVER TIME TO EXPAND INCIPIENT REFORMS TO ELIMINATE NON-TARIFF TRADE BARRIERS AND EXPORT SUBSIDIES. CHINA MUST COME TO RELY AS QUICKLY AS POSSIBLE ONLY ON RATIONALIZED TARIFFS TO REGULATE TRADE IN ACCORDANCE WITH DEVELOPMENT OBJECTIVES. CHINA MUST ADMIT THAT ITS SYSTEM IS NOW INCOMPATIBLE WITH GATT OBLIGATIONS AND BE PREPARED SOON TO MAKE CONCESSIONS TAKING INTO ACCOUNT THE NON-MARKET ASPECTS OF ITS TRADE.

- --ENCOURAGE TIAN TO TAKE FURTHER, MEANINGFUL STEPS TO IMPROVE THE ATTRACTIVENESS OF THE CHINA MARKET FOR U.S. BUSINESSMEN, INCLUDING

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BETTER PROTECTION FOR INTELLECTUAL PROPERTY (ESPECIALLY FOR CHEMICAL PROCESSES AND SOFTWARE), GREATER ACCESS TO CHINA'S DOMESTIC MARKET FOR INVESTORS, LESS RELIANCE ON STRICT FOREIGN EXCHANGE BALANCING PROJECT-BY-PROJECT, REDUCTION OF BUREAUCRATIC OBSTACLES, FEWER RESTRICTIONS ON MANUFACTURED IMPORTS, AND FULFILLMENT OF CONTRACTS (E.G., SANDS LIVESTOCK CASE).

- --POINT OUT THAT THE BALL IS IN CHINA'S COURT ON THE BILATERAL INVESTMENT TREATY, AND THAT THE U.S. IS WILLING TO ENTER INTO A NEW ROUND OF TALKS PROVIDED CHINA CAN DEMONSTRATE NEW FLEXIBILITY ON ISSUES OF PRIMARY IMPORTANCE TO US.

- --ADVOCATE GREATER U.S. PARTICIPATION IN CHINA'S RAPIDLY DEVELOPING AIR-TRAFFIC CONTROL, ELECTRONICS, AUTOMOTIVE, TELECOMMUNICATIONS, ENERGY, CHEMICALS AND MACHINERY MARKETS, WHERE SUPERIOR U.S. PRICE AND QUALITY MUST COMPETE AGAINST LESS ATTRACTIVE SUPPLIERS BACKED BY LOW-INTEREST FINANCING.

- --EXPRESS U.S. INTEREST IN EXPANDING BILATERAL CIVIL AVIATION ROUTES AND CAPACITIES,

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AND SUGGEST TALKS ON THOSE ISSUES LATER IN THE YEAR.

--DISCUSS THE POSSIBILITIES FOR A NEW MARITIME AGREEMENT, IN THE CONTEXT OF THE IMPERATIVE FOR CHINA TO OPEN UP ITS SHIPPING MARKET, BY ALLOWING U.S. CARRIERS TO OPEN BRANCH OFFICES IN CHINA, JUST AS CHINESE

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CARRIERS HAVE OFFICES IN ALL MAJOR U.S. PORTS. TELL TIAN THAT CHINA'S CONCERNS OVER PORT ACCESS AND TONNAGE DUTIES WILL BE ADDRESSED ONCE THERE IS PROGRESS ON RECIPROCAL MARKET ACCESS FOR U.S. CARRIERS.

- --EXPAND NOTION OF RECIPROCITY TO INCLUDE RIGHTS FOR U.S. SERVICE SECTOR (BANKS, INSURANCE COMPANIES, ACCOUNTANTS, LAWYERS, CONSULTANTS, ETC.) TO OPEN UP BRANCH OPERATIONS IN CHINA.

- --URGE CHINA TO SIGN THE VIENNA CONVENTION FOR THE PROTECTION OF THE OZONE LAYER AND THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER.

- C. CHINA'S REFORMS

- --LEARN MORE ABOUT THE NEW COASTAL DEVELOPMENT STRATEGY AND ITS IMPLICATIONS FOR THE U.S. RAISE OUR CONCERNS THAT A CHINESE EXPORT STRATEGY THAT DOES NOT INCLUDE THE EVENTUAL LOWERING OF IMPORT BARRIERS WOULD BE VIEWED AS HARMFUL TO U.S. INTERESTS AND TO THE WORLD TRADING SYSTEM. HAVE TIAN EXPLAIN THE ROLE HE SEES CHINA PLAYING IN THE REGIONAL AND WORLD ECONOMY TEN YEARS FROM NOW.

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- --SOLICIT TIAN'S VIEWS ON CHINA'S PROSPECTS FOR HOLDING DOWN INFLATION WHILE MAINTAINING HIGH GROWTH. HOW WILL THE GOVERNMENT EFFECTIVELY PROMOTE GREATER PRODUCTIVITY WHILE TIGHTENING CONTROLS ON THE EXPANSION OF MONEY AND CREDIT?

- --GAUGE TIAN'S CONVICTIONS ON THE LONG-TERM GOALS OF REFORM, INCLUDING HIS VIEWS ON THE RELATIVE ROLES OF THE MARKET AND CENTRAL PLANNING. WHAT ARE HIS VIEWS ON THE IMPORTANCE OF PRICE REFORM, AND THE ULTIMATE SCOPE OF PRIVATE ENTERPRISE, STOCK OWNERSHIP, FINANCIAL MARKETS, AND SOLUTIONS TO STAGNATING AGRICULTURAL PRODUCTION IN THE FACE OF RISING POPULATION GROWTH?

- --TEST TIAN'S UNDERSTANDING OF THE BROAD SOCIAL AND POLITICAL FORCES LET LOOSE IN CHINA BY REFORMS, AND HIS VIEWS ON HOW POLITICAL AND ECONOMIC REFORM WILL MEET RISING POPULAR EXPECTATIONS FOR PROSPERITY AND A GREATER SAY OVER DECISIONS AFFECTING DAILY LIFE. ASK HIM ABOUT PLANS TO REDRESS THE GROWING DISPARITIES BETWEEN LEVELS OF PROSPERITY IN THE COASTAL AREAS AND THE INTERIOR.

- BILATERAL MEETINGS WITH TIAN: WHAT TO RAISE

39. IN THE PRESIDENT'S, VICE PRESIDENT'S AND OTHER SENIOR U.S. OFFICIALS' MEETINGS WITH VICE PREMIER TIAN, A FRANK EXPOSITION OF U.S. VIEWS ON KEY ISSUES WOULD INTRODUCE TIAN TO THE WORLD OF HIGH-LEVEL STATESMANSHIP, TEST HIS KNOWLEDGE OF ISSUES AND ABILITY TO THINK

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SECSTATE FOR SECRETARY SHULTZ

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E.O. 12356: DECL: OADR
TAGS: OVIP, PREL, CH, US
SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

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ON HIS FEET, AND SERVE AS A CHANNEL TO CONVEY
U.S. CONCERNS DIRECTLY BACK TO CHINA'S SENIOR
GOVERNMENT AND PARTY LEADERS.

A. PRESIDENT REAGAN

--STATE OUR FIRM POLICY TO COOPERATE IN
CHINA'S MODERNIZATION, WHICH SERVES OUR OWN
INTERESTS AND BILATERAL TIES, AND CONTRIBUTES
TO REGIONAL AND GLOBAL STABILITY.

--DISCUSS PROSPECTS FOR THE U.S.-SOVIET SUMMIT.

--NOTE OUR CONCERNS OVER THE GULF AND
CONTINUED HOPES FOR CHINA'S ACTIVE SUPPORT IN
THE UN FOR A FOLLOW-UP TO RESOLUTION 598.

--STRESS OUR WORRIES OVER CHINESE MISSILE
SALES TO THE GULF AND MIDEAST, AND THE WIDER
BALLISTIC-MISSILE PROLIFERATION ISSUE.

--REAFFIRM OUR ONE-CHINA POLICY AND OUR
POSTURE ON FOSTERING AN ENVIRONMENT CONDUCTIVE
TO PEACEFUL RESOLUTION OF THE TAIWAN ISSUE.

B. VICE PRESIDENT BUSH

--GENERAL DISCUSSION OF HOW FAR THE BILATERAL
RELATIONSHIP HAS COME SINCE THE VICE PRESIDENT

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HEADED THE USLO IN BEIJING.

--NOTE PROGRESS BROUGHT TO CHINA BY REFORMS,
AND ENCOURAGING SIGNS THAT REFORMS WILL CONTINUE.

--NOTE THAT NPC REVEALED NEW DEMOCRATIC
IMPULSES IN CHINESE POLITICS AND SOCIETY; USE
AS LEAD-IN FOR DISCUSSION OF U.S. PRESIDENTIAL
CAMPAIGN.

--RAISE THE GULF SITU

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ATION, AND OUR DESIRE
FOR CHINESE COOPERATION IN THE UN.

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- --DESCRIBE FRANKLY HOW CHINESE SALES OF
CSS-2 IRBM'S TO SAUDI ARABIA, AND POSSIBLE
INTRODUCTION OF NEW KINDS OF MISSILES TO SYRIA
AND LIBYA GIVE US PROFOUND WORRIES. ARGUE FOR
CLOSER CONSULTATION ON ARMS SALES WHICH
EXACERBATE EXISTING REGIONAL TENSIONS OR
CONFLICTS, OR WHICH THREATEN PROLIFERATION OF
NUCLEAR-CAPABLE BALLISTIC MISSILE TECHNOLOGY.

- --EXPRESS GRATIFICATION OVER RECENT SUCCESSFUL
BILATERAL COOPERATION ON THE NARCOTICS ISSUE,
INCLUDING INTERDICTION OF A MAJOR SHIPMENT OF
HEROIN TO THE U.S. ENCOURAGE FURTHER SUCH
COLLABORATION TO DO BATTLE WITH INTERNATIONAL
DRUG TRAFFICKING. POINT OUT THAT GIVEN THE
DOMESTIC POLITICAL AND EMOTIONAL CONTENT OF THIS
ISSUE, OUR COOPERATION WILL HAVE
A MAJOR POSITIVE IMPACT ON U.S. PUBLIC AND
OFFICIAL OPINION REGARDING CHINA.

C. SECRETARY SHULTZ

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E.O. 12356: DECL: OADR
TAGS: OVIP, PREL, CH, US
SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

- --OVERVIEW OF KEY U.S. FOREIGN POLICYQ
PRIORITIES, INCLUDING STRESS ON BIPARTISAN
SUPPORT FOR CONTINUITY OF CHINA POLICY.
- --THE GULF AND CHINESE SUPPORT IN THE UN.
- --THE CSS-2 SALES TO SAUDI ARABIA, STRESSING
OUR CONCERNS OVER THE BALLISTIC-MISSILE
PROLIFERATION ISSUE, AND THE REALITY THAT A
PERCEPTION OF CHINESE IRRESPONSIBILITY ON THE
ISSUE REGRETTABLY COULD NOT BUT ERODE SUPPORT

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IN THE U.S. FOR IMPORTANT ASPECTS OF COOPERATION WITH CHINA, INCLUDING IN THE TECHNOLOGY TRANSFER AREA.

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- --AT THE SAME TIME, INDICATE THAT THE COCOM LIBERALIZATION PACKAGE IS MOVING FORWARD, BUT WE HOPE IT WILL NOT BE DERAILED AGAIN BY SOME ILL-CONSIDERED CHINESE ACTION ON ARMS SALES.

- --SINO-SOVIET RELATIONS: EXPLORE TIAN'S VIEWS ON CHINA'S DEVELOPING RELATIONS WITH THE SOVIETS AND HIS OPINIONS ON PROSPECTS FOR GORBACHEV'S REFORMS; BRIEF TIAN ON UPCOMING U.S.-SOVIET SUMMIT, AND PROSPECTS FOR ARMS CONTROL AND OTHER TOPICS ON OUR AGENDA.

- --AFGHANISTAN: THE CHINESE HAVE WELCOMED

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THE GENEVA ACCORDS, BUT CONTINUE TO TAKE A "WAIT-AND-SEE" ATTITUDE ON POST-WITHDRAWAL POLITICAL ARRANGEMENTS IN KABUL. THEY ARE LESS OPTIMISTIC THAN SOME U.S. ANALYSTS ABOUT THE PROSPECTS FOR AN EARLY COLLAPSE OF THE NAJIB REGIME. TIAN WILL BE INTERESTED IN U.S. VIEWS ON OUR SUPPORT FOR THE RESISTANCE DURING THIS TRANSITIONAL PERIOD.

- --CAMBODIA: THE CHINESE REMAIN FIRMLY COMMITTED TO KEEPING UP THE PRESSURE AGAINST HANOI AND MOSCOW. IT WILL BE TIMELY TO BRIEF TIAN ON OUR RECENT DISCUSSIONS WITH THE SOVIETS AND ALSO ON THE ADMINISTRATION'S RESPONSE TO CONGRESSIONAL PROPOSALS FOR EXCHANGE OF LIAISON OFFICES WITH HANOI. STRESS OUR OPPOSITION TO SUCH INITIATIVES AND OUR FIRM CONTINUITY ON INDOCHINA POLICY.

- --KOREA: THE CHINESE HAVE CONTINUED TO PURSUE UNOFFICIAL TRADE LINKS WITH SOUTH KOREA AND RECENTLY EASED VISA REQUIREMENTS FOR ROK BUSINESSMEN, POLICIES WE KNOW TIAN HAS ENDORSED. IN TALKS WITH TIAN, IT WOULD BE APPROPRIATE TO WELCOME THIS TREND, WHILE ALSO STRESSING OUR HOPE THAT CHINA WILL USE ITS INFLUENCE IN PYONGYANG TO DISCOURAGE ANY DISRUPTION OF THE SEOUL OLYMPIC GAMES. SUGGEST

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THAT THE NEW SOUTH KOREAN GOVERNMENT IS STABLE AND
CONCILIATORY TOWARD THE NORTH, OFFERING
PROSPECTS FOR NORTH-SOUTH DIALOGUE
AFTER THE OLYMPICS.

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- --SINO-JAPANESE RELATIONS: AS PRIME MINISTER

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E.O. 12356: DECL: OADR

TAGS: OVIP, PREL, CH, US

SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

TAKESHITA'S AUGUST VISIT DRAWS NEAR, IT WOULD BE USEFUL TO HAVE TIAN CHARACTERIZE THE STATE OF CHINESE RELATIONS WITH JAPAN (HE HAS LED SEVERAL DELEGATIONS THERE).

- --BRIEFLY RAISE KEY ECONOMIC ISSUES AND REFER TO MEETINGS WITH OTHER CABINET OFFICIALS FOR MORE DETAILED DISCUSSIONS. KEY ISSUES TO HIGHLIGHT ARE ACCESS TO CHINA'S MARKET, INTELLECTUAL PROPERTY PROTECTION AND CHINESE INVESTMENT CLIMATE.

- --EMPHASIZE U.S. SATISFACTION OVER GROWING BILATERAL COOPERATION ON CONTROL OF NARCOTICS TRAFFICKING.

- --SUGGEST THAT COOPERATION ON CONTROL OF INTERNATIONAL TERRORISM WOULD ALSO GREATLY BENEFIT SINO-AMERICAN RELATIONS.

- --EXPRESS PLEASURE AT CHINA'S ACCEPTANCE IN PRINCIPLE OF THE PEACE CORPS, AND NOTE POTENTIAL CONTRIBUTION PEACE CORPS CAN MAKE TO CHINA'S DEVELOPMENT; POINT OUT NECESSITY TO ENSURE THAT PEACE CORPS IS GIVEN AN APPROPRIATE HOST ORGANIZATION (OR ORGANIZATIONS) WHICH WILL MAXIMIZE THE FIELDS OF DEVELOPMENT IN WHICH IT CAN OPERATE.

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- --SEEK AN UPDATE ON CHINA'S POLICY ON STUDENTS STUDYING ABROAD; WILL IT AFFECT THE U.S.? WILL THERE BE ANY CHANGE IN THE NUMBER PERMITTED TO STUDY IN THE U.S.?

- --IF TIME PERMITS, GET TIAN'S VIEWS ON CURRENT STATE OF ECONOMIC REFORMS, PROBLEMS OF INFLATION AND EFFECT ON PACE OF REFORM IMPLEMENTATION, COASTAL DEVELOPMENT STRATEGY, AND MEANING FOR BILATERAL TRADE AND INVESTMENT; POINT OUT THAT WE HOPE COASTAL STRATEGY DOES NOT BECOME A SIMPLE EXPORT DRIVE, WITHOUT OPENING CHINA'S MARKET TO THE BENEFITS OF INTERNATIONAL COMPETITION THROUGH IMPORT RELAXATION.

D. SECRETARY CARLUCCI

- --THE GULF AND THE ARMS SALES, BALLISTIC MISSILE ISSUES.

- --SINO-U.S. MILITARY COOPERATION; FRANK DISCUSSION OF REASONS FOR SLOWDOWN IN RECENT MONTHS.

- --POSSIBILITY OF THE SECRETARY'S VISITING CHINA LATER THIS YEAR.

- --ARMS CONTROL.

- --SECRETARY'S DISCUSSIONS WITH HIS SOVIET COUNTERPART.

- --VIEW OF SOVIET PACIFIC STRATEGY.

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E.O. 12356: DECL: OADR

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TAGS: OVIP, PREL, CH, US
SUBJECT: SCENESETTER: VICE PREMIER TIAN JIYUN'S

- --JAPANESE SELF-DEFENSE ROLE.

- --PHILIPPINE BASE NEGOTIATIONS; IMPORTANCE
TO REGIONAL SECURITY.

E. SECRETARY BAKER

- --PROVIDE TIAN A BRIEFING ON U.S. ECONOMY
AND THE GLOBAL ECONOMIC ENVIRONMENT.

- --UPDATE TIAN ON PROSPECTS FOR PASSAGE OF
OMNIBUS TRADE BILL, POTENTIAL IMPACT ON CHINA.

- --ELICIT TIAN'S VIEWS ON CHINA'S EVOLVING
ROLE IN GLOBAL ECONOMY, MAIN ELEMENTS OF ITS
TRADE STRATEGY, AND LINKS TO COASTAL, EXPORT-LED
GROWTH PLANS.

- --DISCUSS IMPORTANCE OF WORLD BANK PROGRAMS
IN CHINA, NOW THE BANK'S LARGEST BORROWER.

- --EXPLORE TIAN'S VIEWS ON OPENING CHINA'S
MARKETS THROUGH LIBERALIZATION OF FOREIGN
EXCHANGE MARKETS, ON PROSPECTIVE DEVALUATION
OF THE RMB, AND ON ULTIMATE CONVERTIBILITY OF
THE RMB.

F. SECRETARY VERITY

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- --EMPHASIZE UNTAPPED POTENTIAL OF BILATERAL
TRADE.

- --RAISE SPECIFIC TRADE AND INVESTMENT
CONCERNS: MARKET OPENING, INVESTMENT CLIMATE,
RECIPROCITY FOR U.S. SERVICE SECTOR TO OPEN
BRANCHES IN CHINA, INTELLECTUAL PROPERTY
PROTECTION.

- --EXPRESS CONCERN ABOUT THIRD-COUNTRY
CONCESSIONARY FINANCING OF MAJOR PROJECTS AS

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IT AFFECTS CHINA'S ABILITY TO GET SUPERIOR U.S. GOODS AND SERVICES AT COMPETITIVE PRICES.

- --STRESS IMPORTANCE OF ITCA WORK PROGRAMS FOR EXPANDING TRADE.

G. USTR YEUTTER

- --REINFORCE U.S. CONCERNS ON MARKET ACCESS, INTELLECTUAL PROPERTY PROTECTION, INVESTMENT ENVIRONMENT.

- --REVIEW U.S. POSITION ON CHINA'S ACCESSION TO THE GATT.

- --DISCUSS PROSPECTS FOR A BILATERAL INVESTMENT TREATY. LORD

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FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

1. ~~REDACTED~~ - ENTIRE TEXT..)

- LOOKING FORWARD: YOUR RETURN TO CHINA

2. SINCE YOU WERE LAST HERE THREE YEARS AGO, CHINA HAS
PROSPERED IN THE WORLD AND FLOUNDERED AT HOME. IT HAS
MOVED FROM BEING A REGIONAL POWER TO ONE WHOSE INFLUENCE
IS INCREASINGLY EVIDENT AROUND THE GLOBE. BUT ITS BOLD
DOMESTIC ODYSSEY IS AT LEAST TEMPORARILY BOGGED DOWN,
AND NO ONE -- INCLUDING THE LEADERS IN ZHONGNANHAI --
KNOWS WHETHER CHINA IS NAVIGATING ANOTHER OF ITS
INEVITABLE ROUGH PATCHES OR HAS RUN INTO A GREAT WALL.

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CHINESE FOREIGN POLICY

3. THE CHINESE ARE PURSUING THE MOST SOPHISTICATED
FOREIGN POLICY STRATEGY IN THE WORLD. FOR THE NEXT

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CENTURY THEIR GOAL IS TO RESTORE THE MIDDLE KINGDOM IN TERMS OF PRE-EMINENCE, THOUGH CLEARLY NOT IN TERMS OF SECLUSION. THEY RECOGNIZE THAT THEY MUST FIRST PASS THROUGH DECADES OF VULNERABILITY UNTIL ECONOMIC STRENGTH CAN BE TRANSLATED INTO REAL MILITARY POWER AND POLITICAL CLOUT. DURING THIS PERIOD CHINESE DIPLOMACY IS THEREFOREGEARED TO SHAPING AN ENVIRONMENT WHICH ALLOWS THEM TO FOCUS THEIR ENERGIES AND RESOURCES ON MODERNIZATION. THE CENTRAL THEME IS INDEPENDENCE. THE PRINCIPAL COMPONENTS:

-- NURTURE A MULTIPOLAR WORLD. THIS HELPS TO MAINTAIN GLOBAL AND REGIONAL BALANCES AND CHECK POTENTIAL THREATS TO CHINESE SECURITY. BEIJING PLACES GREAT EMPHASIS ON THE EMERGING POWER CENTERS AROUND THE GLOBE WHICH DILUTE SUPERPOWER INFLUENCE. NEVERTHELESS THE UNITED STATES, THE FAR BARBARIAN, REMAINS THE CRUCIAL, THOUGH NOW UNACKNOWLEDGED, OFFSET TO NEAR BARBARIANS. THE LATTER INCLUDE THE FUTURE JAPAN AS WELL AS THE CURRENT SOVIET UNION, INDIA, AND VIETNAM.

-- REDUCE THREATS AROUND CHINA'S PERIPHERY. THIS INVOLVES THE SELECTIVE USE OF LIMITED RESOURCES, TOGETHER WITH OTHER COUNTRIES, TO DRIVE THE SOVIETS OUT OF AFGHANISTAN AND CONTAIN VIETNAMESE HEGEMONISM. IT ALSO FEATURES ACTIVE EFFORTS TO REDUCE TENSIONS WITH NEIGHBORS ---HIGHLIGHTED BY THE NORMALIZATION OF RELATIONS WITH MOSCOW AND THE SUMMIT WITH GORBACHEV;

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RAPPROCHEMENT WITH NEW DELHI; SUPPORT OF CONTACTS BETWEEN THE TWO KOREAS; AND THE NEWLY RESUMED DIALOGUE WITH HANOI.

-- PROJECT GROWING PROWESS. CHINA LAUNCHES SATELLITES AND SELLS MISSILES. IT ASSERTS ITS CLAIMS IN THE SOUTH CHINA SEA. THROUGH COUNTLESS EXCHANGES OF HIGH-LEVEL VISITS, TRADE, AND ARMS SALES IT EXPANDS ITS TIES IN VARIOUS REGIONS. IT IS MUCH MORE ACTIVE AT THE UNITED NATIONS.

-- IDENTIFY WITH THE THIRD WORLD. THE CHINESE HAVE MODERATED THEIR OBNOXIOUS RHETORIC, BUT THEY INSTINCTIVELY SIDE WITH THIRD WORLD MAJORITIES ON ISSUES LIKE THE MIDDLE EAST, SOUTHERN AFRICA, CENTRAL AMERICA AND A NEW WORLD ECONOMIC ORDER. (AT HOME SOME CHINESE CAN BE LESS CHARITABLE, AS THE RECENT BLOW-UPS WITH

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RESIDENT AFRICAN STUDENTS DEMONSTRATED.) GONE ARE ANY REFERENCES TO TACIT ALLIANCES WITH US AND OUR ALLIES. BUT THEY ARE EQUALLY EMPHATIC (LIKE THE SOVIETS) THAT THEIR WARMING RELATIONS WITH MOSCOW WILL NOT RETURN TO THE 1950'S.

--- PROMOTE NATIONAL UNITY. THUS THEIR AGREEMENTS ON HONG KONG AND MACAO, THEIR CONCILIATORY OFFENSIVE TOWARD TAIWAN, AND THEIR SHRILL DENUNCIATIONS OF THOSE WHO PROMOTE AN INDEPENDENT TIBET.

-- GAIN ASSISTANCE FOR MODERNIZATION. THIS IS THE MOST IMPORTANT ELEMENT OF ALL. THE UNITED STATES,

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FOR THE PRESIDENT FROM AMBASSADOR LORD

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FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

JAPAN, AND WESTERN EUROPE WILL REMAIN THE ESSENTIAL MARKETS AND PROVIDERS OF CAPITAL, INVESTMENT, TECHNOLOGY, AND MANAGEMENT. THE CHINESE TURN TO ANYONE, REGARDLESS OF IDEOLOGY, WHO CAN HELP THEM: ISRAEL FOR MILITARY TECHNOLOGY; SOUTH KOREA AND TAIWAN FOR TRADE AND INVESTMENT; IRAN, IRAQ AND VARIOUS UNSAVORY PARTNERS FOR FOREIGN EXCHANGE. THEY PRESS THEIR CASE FORCEFULLY IN INTERNATIONAL ECONOMIC GROUPS, SEEKING AID FROM BANKS AND ADMISSION TO THE GATT.

THE DOMESTIC SCENE

4. WHILE ENHANCING THEIR SECURITY AND PRESTIGE ABROAD,

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THE CHINESE HAVE BEEN STUMBLING AT HOME. ANY CHINESE WILL TELL YOU THEY ARE BETTER OFF THAN WHEN YOU WERE FIRST HERE. BUT MANY CHINESE WILL TELL YOU THEY ARE WORSE OFF THAN WHEN YOU WERE LAST HERE.

5. DURING YOUR SUCCESSIVE VISITS, YOU HAVE SEEN THE DRAMATIC PROGRESS THAT DENG'S REFORMS AND OPENING HAVE WROUGHT. FROM HUSHED STREETS AND SOMBER HUES TO TRAFFIC SNARLS AND BRIGHTLY CLAD PEDESTRIANS EXPLORING FREE MARKETS. FROM MUD HUTS TO BRICK HOUSES IN THE COUNTRY-SIDE WHERE PRODUCTION HAS DOUBLED AND INCOME HAS TRIPLED. FROM A HANDFUL OF REVOLUTIONARY BALLETS TO 120 MILLION TELEVISION SETS SHOWING MICKEY MOUSE IN PRIME TIME. WITHIN A STONE'S THROW OF CHAIRMAN MAO'S MAUSOLEUM SITS THE WORLD'S LARGEST KENTUCKY FRIED CHICKEN.

6. BUT WHAT HAVE YOU DONE TO US LATELY? ASK MANY OF THE CHINESE PEOPLE. SOARING INFLATION. SOURING CORRUPTION. IMPATIENT EXPECTATIONS, ESPECIALLY AMONG THE YOUNG, FED BY COMPARISON WITH TAIWAN AND SOUTH KOREA, LET ALONE JAPAN AND THE UNITED STATES. DIVERGING INCOMES-- BETWEEN THE FAVORED COASTAL PROVINCES AND THE BLEAK INTERIOR; BETWEEN ENTREPRENEURS KEEPING AHEAD OF

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INFLATION AND THOSE ON FIXED INCOMES FALLING BEHIND. THE BARBER'S SCISSORS EARNS MORE THAN THE SURGEON'S SCAPEL. MANY PREFER THE "IRON RICE BOWL" OF GUARANTEED SECURITY TO THE UNCERTAINTIES OF GREATER FREEDOM AND HARDER WORK. SOME POINT OUT THAT IN THE 1950'S AT LEAST THERE WAS SOME IDEALISM AND A CARING FOR ONE ANOTHER. INTELLECTUALS AND DISSIDENTS CHAFE AT THE SLOW PACE OF GLASNOST IN CHINA. IN BOTH THE CITIES AND COUNTRYSIDE THERE IS GROWING CYNICISM OVER SHIFTING POLITICAL WINDS, STOP-AND-GO ECONOMIC POLICIES, "BACK

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DOOR" INFLUENCE, NEPOTISM AT THE HIGHEST LEVELS AND OUTRIGHT GRAFT.

7. THE DISCONTENT TARNISHES THE REPUTATION NOT ONLY OF PARTY CADRE AND GOVERNMENT BUREAUCRATS BUT EVEN THE HIGHEST LEADERS. THE COMMENTS AND THE RUMORS SPREAD: DENG IS LOSING HIS TOUCH AND IS INCREASINGLY IRASCIBLE, SHADES OF MAO'S FINAL YEARS. ZHAO, THE PROGRESSIVE REFORMER, IS LOSING GROUND -- AND POSSIBLY DENG'S FAVOR. LI PENG, AN ENGINEER, LACKS CHARISMA, MANAGERIAL SKILL AND VISION.

8. IT WOULD BE AS WRONG FOR US TO EXAGGERATE THIS MALAISE AS TO IGNORE IT. THE VERY COMPLAINING IS A SIGN OF PROGRESS: WHEN YOU SERVED HERE I SUSPECT FEW CHINESE DARED TO EXPRESS DISSATISFACTION ABOUT ANYTHING. FOR ALL THE PROBLEMS, THE ECONOMY HAS BEEN GROWING AT A TRULY IMPRESSIVE RATE AND MOST PEOPLE ARE LIVING MUCH BETTER. FOR EVERY STUDENT WHO COMPLAINS, THERE ARE HUNDREDS OF WARMER AND FATTER PEASANTS WATCHING TELEVISION. FOR EVERY INTELLECTUAL WHO BEMOANS HIS STATUS, THERE IS ANOTHER PUBLISHING BOLD IDEAS IN A NEW JOURNAL. THERE ARE BOUND TO BE SETBACKS AND DETOURS WHEN ONE TRIES TO MOVE A BILLION PEOPLE FROM ONE SYSTEM TO ANOTHER AND FROM ONE CENTURY TO ANOTHER IN A LAND THAT IS ONE TENTH ARABLE AND THREE QUARTERS URBAN SPRAWL, MOUNTAINS, AND SAND. PERIODS OF RETRENCHMENT HAVE OCCURRED BEFORE. MOREOVER, THERE ARE NO VIABLE ALTERNATIVES TO THE GENERAL PATH OF REFORM AND OPENING. NO ONE WANTS TO RETURN TO THE

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TO WHITEHOUSE WASHDC IMMEDIATE
SECSTATE WASHDC IMMEDIATE 0867

SECTION 03 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

CULTURAL REVOLUTION. VERY FEW WISH TO REVERT TO
STALINIST CENTRAL PLANNING. (INDEED CHINESE LEADERS
ADVISE THIRD WORLD VISITORS TO AVOID THE SLOUGH
OF SOCIALISM.) THE DEBATES ARE MORE ABOUT PACE THAN
DIRECTION, MORE BETWEEN BEIJING AND THE PROVINCES THAN
AT THE CENTER. ONE SHOULD NEVER UNDERESTIMATE THE
RESILIENCE AND THE PLUCK OF THE TALENTED CHINESE
PEOPLE WHO HAVE PROVEN
THEMSELVES FROM SAN FRANCISCO

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TO SOUTHEAST ASIA, IN HONG KONG AND TAIWAN.

9. THUS YOU ARE COMING HERE AT A TIME WHEN THE CHINESE ARE BOTH ENJOYING CONSIDERABLE DIPLOMATIC ACHIEVEMENTS AND GRAPPLING WITH THE MOST SERIOUS DOMESTIC CHALLENGES

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SINCE DENG LAUNCHED HIS BOLD PROGRAMS TEN YEARS AGO. ON YOUR NEXT TRIP IT IS LIKELY THAT THE REINS OF POWER WILL HAVE FULLY SLIPPED FROM HIS GRASP. IT IS A VERY IMPORTANT TIME FOR YOU TO SKETCH THE AGENDA OF OUR BILATERAL RELATIONSHIP -- WITH THE LONG MARCHERS LEAVING BEHIND THEIR LEGACY AND WITH THE NEXT GENERATION OF LEADERS WHO WILL DOMINATE THE COMING FOUR YEARS.

SINO-AMERICAN RELATIONS

10. OUR BILATERAL RELATIONSHIP IS BROAD AND MATURING. ITS BREADTH REFLECTS THE EXPLOSIVE GROWTH IN A WIDE RANGE OF FIELDS. WE HAVE MULTIPLIED CONSTITUENCIES ON BOTH SIDES. THIS HELPS US TO WEATHER DIFFICULT PERIODS, SUCH AS LAST YEAR WHEN CHINA'S MISSILE SALES TO IRAN AND SAUDI ARABIA CAST A CHILL. ITS MATURITY MEANS THAT WE ARE SETTLING DOWN TO A STEADIER VISION, AFTER WIDE HISTORICAL SWINGS FROM RED HERRINGS TO ROSE-COLORED GLASSES. IT ALSO MEANS THAT WE FACE FRESH PROBLEMS SPAWNED BY OUR VERY SUCCESS AND GROWING INTERACTION.

11. JUST SINCE YOUR 1985 TRIP OUR ANNUAL TRADE HAS MUSHROOMED FROM \$8 BILLION TO OVER \$14 BILLION IN 1988, A 40 PERCENT JUMP IN ONE YEAR ALONE. IN ADDITION TO INDUSTRIAL TRADE, THIS INCREASE INCLUDES A RESURGENCE OF OUR AGRICULTURAL EXPORTS, THANKS LARGELY TO SUBSIDIZED GRAIN SALES. WITH \$3.4 BILLION COMMITTED BY OUR BUSINESSMEN, WE ARE THE LARGEST OUTSIDER INVESTOR AFTER HONG KONG; AMERICAN PROJECTS ROSE FROM 400 TO 630 LAST YEAR, UP ALMOST 60 PERCENT. WE ARE NEGOTIATING AN EXTENSION OF THE LARGEST SCIENCE AND TECHNOLOGY ACCORD THAT EITHER OF US HAS WITH ANY COUNTRY. LAST YEAR WE FORGED IMPORTANT AGREEMENTS ON TEXTILES,

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MARITIME ISSUES AND THE USE OF CHINESE ROCKETS TO

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LAUNCH OUR SATELLITES. WE HAVE BEGUN TO COOPERATE ON CONTROLLING THE FLOW OF DRUGS. WE BOTH SEEK TO EXPAND CIVIL AVIATION LINKS. AFTER A PAUSE INDUCED BY THE MISSILE CONTROVERSY, OUR MILITARY RELATIONSHIP IS POISED TO MOVE AHEAD WITH SEVERAL HIGH-LEVEL VISITS AND CAREFULLY CONTROLLED MILITARY SALES. EVERY DAY HUNDREDS OF ARTISTS, EXPERTS, AND TOURISTS CRISS-CROSS THE PACIFIC. THE CHINESE ARE ENTRUSTING TO OUR UNIVERSITIES AND OUR VALUES MANY OF THEIR FINEST MINDS-- OVER 40,000 HAVE ALREADY COME. THOUSANDS OF AMERICANS HAVE BEEN TEACHING AND STUDYING IN CHINA. THE AMERICAN IMPRINT ON CHINA'S FUTURE IS DEEP AND SPREADING. THIS SUMMER CHINA WILL BE THE FIRST COMMUNIST NATION EVER TO WELCOME PEACE CORPS VOLUNTEERS. CABINET AND WORKING LEVEL DELEGATIONS ARE ENRICHING OUR DIALOGUE ON A BROAD AGENDA OF INTERNATIONAL POLITICAL AND ECONOMIC ISSUES.

12. MOST OF THIS PROGRESS IS QUIET, NOT THE STUFF OF HEADLINES. INDEED POPULAR AND CONGRESSIONAL ATTENTION TENDS TO FOCUS ON SPECIFIC PROBLEMS RATHER THAN ON THE GENERALLY SOUND STATE OF OUR TIES. BUT THESE PROBLEMS ARE REAL, REQUIRING CAREFUL HANDLING AND MUTUAL SENSITIVITY SO AS TO INSULATE THEM FROM THE CORE OF OUR RELATIONSHIP.

13. TODAY WE FACE THREE BROAD CHALLENGES -- POLITICAL, ECONOMIC AND SOCIAL. ALL OF THEM HAVE INTENSIFIED SINCE YOUR 1985 VISIT. POLITICAL ADJUSTMENT

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TO WHITEHOUSE WASHDC IMMEDIATE
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SECTION 04 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

14. IN THE 1950'S THE CHINESE OPPOSED US. IN THE
1960'S THEY OPPOSED BOTH US AND THE SOVIET UNION.
IN THE 1970'S THEY LEANED TOWARD US AND AGAINST THE
SOVIETS. THERE WAS SILLY TALK OF "CARDS" AND EXAG-
GERATED REFERENCES TO "TRIANGLES". THE REALITY,
HOWEVER, WAS THAT BEIJING SAW MOSCOW ON THE MOVE,
MILITARILY AND GEOPOLITICALLY, AND THEY SAW THE
POST-VIETNAM, POST-WATERGATE "MALAISE" AMERICA ON THE
DEFENSIVE. THEY URGENTLY SOUGHT TO CHECK SOVIET
EXPANSIONISM. NOW THEY ARE WORKING TO IMPROVE TIES
WITH BOTH SUPERPOWERS, EVEN WHILE POSTURING AS A THIRD
WORLD LEADER. THE REASONS FOR THEIR POLICY CHANGE ARE

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CLEAR.

15. DURING THE 1980'S, THEY HAVE CLOSELY MONITORED
A REVIVED UNITED STATES REDRESSING THE GLOBAL BALANCE
WITH THE SOVIET UNION. GORBACHEV, FACED WITH
DOMESTIC CRISIS AND WESTERN FIRMNESS, SEEKS TO CUT THE
COSTS OF ADVENTURISM. SINCE YOUR PREVIOUS VISIT HERE

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HE HAS TAKEN A LEAF FROM THE BOOK OF DENG'S REFORMS. HIS 1986 VLADIVOSTOK SPEECH SET IN MOTION THE PROCESS OF SINO-SOVIET NORMALIZATION WHICH WILL BE SEALED WHEN HE ARRIVES IN MAY. THE CHINESE HAVE TOUTED THE TREND TOWARD A MORE MULTIPOLAR WORLD WHICH HAS BECOME EVEN CLEARER THE PAST THREE YEARS: JAPAN'S ASCENDANCY, EUROPE HEADING TOWARD 1992, THE IMPRESSIVE GROWTH OF ASIAN NICS, -- AND A MORE ASSERTIVE CHINA.

16. AGAINST THIS BACKDROP IT HAS BECOME FASHIONABLE TO DISMISS THE RELEVANCE OF THE GEOPOLITICAL FACTORS WHICH FIRST DROVE CHINA AND AMERICA TOGETHER. THE PUNDITS SUGGEST THAT WE FOCUS ON ECONOMICS ALONE. I DISAGREE. TO BE SURE, OUR SHARED GEOPOLITICAL INTERESTS ARE MORE SUBTLE AND INTRICATE THAN THEY WERE IN THE 1970'S. IN THEIR CONVERSATIONS WITH US THE CHINESE WILL NOT TALK ABOUT THE "POLAR BEAR" OR THE NEED TO COMBAT SOVIET HEGEMONISM -- NOR SHOULD WE. OUR BROADENED BILATERAL COOPERATION WITH CHINA NOW STOUTLY STANDS ON ITS OWN, REGARDLESS OF OUR RESPECTIVE POLICIES TOWARD MOSCOW. WE CAN SINCERELY WELCOME THE EASING OF SINO-SOVIET TENSIONS, WHICH IN TURN HAS ABETTED CO-OPERATION AMONG THE PERMANENT SECURITY COUNCIL MEMBERS (.E.G. THE IRAN-IRAQ AND ANGOLA-NAMBIA ISSUES) AND COULD PROMOTE PROGRESS IN KOREA (BOTH MOSCOW AND BEIJING ARE DEALING WITH SEOUL) AND EVEN THE MIDDLE

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EAST (BOTH ARE TALKING TO ISRAEL).

17. MOREOVER, WE AND THE CHINESE CONTINUE TO SHARE A STAKE IN PRESERVING GLOBAL AND REGIONAL BALANCES -- AS WE HAVE IN AFGHANISTAN AND CAMBODIA. NEITHER OF US CAN MORTGAGE OUR FUTURE TO GORBACHEV'S STAYING POWER. IN ANY CASE HISTORY, GEOGRAPHY, AND CHINA'S NEED FOR WESTERN ASSISTANCE FOR MODERNIZATION PLACE INHERENT LIMITS ON SINO-SOVIET RAPPROCHEMENT. CHINA WILL CONTINUE TO LOOK TO THE DISTANT POWER TO BALANCE THE NEAR ONES. WE WILL CONTINUE TO CONSIDER CHINA'S INTEGRITY AS FUNDAMENTAL TO THE GLOBAL BALANCE.

18. A TRANSFORMED WORLD REQUIRES MORE, NOT LESS, DIALOGUE BETWEEN US ON INTERNATIONAL ISSUES. DURING THE PAST THREE YEARS WE HAVE ALREADY STEPPED UP THE PACE OF SUCH EXCHANGES. WE HAVE COOPERATED CLOSELY, OR CONSULTED, ON ISSUES SUCH AS AFGHANISTAN, CAMBODIA, KOREA AND ARMS CONTROL. DESPITE OUR DIFFICULTIES WE

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HAVE WORKED OUT AN AGREEMENT ON THE LAUNCHING OF AMERICAN SATELLITES BY CHINESE ROCKETS. DESPITE THEIR DIFFICULTIES, THE CHINESE HAVE MET US PART WAY ON THE ISSUE OF MISSILE PROLIFERATION. BUT THERE IS ROOM FOR MORE INTENSIVE EXCHANGES, WHERE OUR VIEWS DIVERGE AS WELL AS WHERE THEY CONVERGE.

19. THE FUTURE HEALTH OF SINO-AMERICAN RELATIONS DOES NOT DEPEND ONLY ON OUR TRADE, INVESTMENT, AND TECHNOLOGY. IT REQUIRES AN AMERICA THAT DOES NOT GET DRIVEN OUT OF EUROPE NOR TURN OVER ASIAN SECURITY

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FM AMEMBASSY BEIJING
TO WHITEHOUSE WASHDC IMMEDIATE
SECSTATE WASHDC IMMEDIATE 0869

SECTION 05 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

UNCLASSIFIED

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

DUTIES TO JAPAN NOR SHRINK FROM OUR EFFORTS TO EASE REGIONAL CONFLICTS. IT IS ESSENTIAL THAT YOU PROJECT TO THE CHINESE LEADERS A RESOLUTE NATION THAT WILL CONTINUE TO FULFILL ITS GLOBAL RESPONSIBILITIES.

ECONOMIC EXCHANGE

20. THE SURGE IN OUR ECONOMIC DEALINGS HAS PRODUCED SOME HARD BARGAINING AND HARD FEELINGS AS WELL AS HARD CASH. OUR VERY PROGRESS FORCES US TO CONFRONT THE VAST DIFFERENCES IN OUR LEVELS OF DEVELOPMENT AND DOMESTIC SYSTEMS. CHINA HAS A LONG WAY TO GO TO OPEN UP ITS TRADING SYSTEM CONSISTENT WITH GATT ACCESSION.

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WE ARE PRESSING THE CHINESE TO LOWER TARIFFS AND IMPORT BARRIERS, LOOSEN FOREIGN EXCHANGE CONTROLS, AND ALLOW COMPETITION IN THE SERVICES SECTOR. THE INVESTMENT CLIMATE, WHILE GREATLY IMPROVED, IS STILL PLAGUED BY OPAQUE REGULATIONS; AN EMBRYONIC LEGAL FRAMEWORK; UNEVEN IMPLEMENTATION; UNILATERAL REVISION OF CONTRACTS; SLOTHFUL BUREAUCRACY; EXCESSIVE HAGGLING; UNCERTAINTIES CONCERNING LABOR, RAW MATERIALS, AND INFRASTRUCTURE; AND THE GENERAL CLASH BETWEEN THE CHINESE DRIVE TO EARN FOREIGN EXCHANGE AND OUR DESIRE FOR ACCESS TO THE ENORMOUS DOMESTIC MARKET. PERHAPS THE MOST SERIOUS PROBLEM ON THE HORIZON IS THE INADEQUATE CHINESE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS, A TARGET OF THE NEW TRADE BILL.

21. THE CHINESE HAVE THEIR OWN LITANY OF DEMANDS. THEY WILL CALL ON YOU TO KEEP OUR MARKET OPEN. LOOSEN OUR CONTROLS ON TECHNOLOGY EXPORTS. REVISE OUR ANTI-DUMPING LEGISLATION. HELP THEM JOIN THE GATT ON THEIR TERMS. GRANT UNCONDITIONAL MFN TREATMENT AND GSP. OFFER MORE CONCESSIONAL FINANCING. TREAT THEM LIKE THE FRIENDLY NATION WE PROFESS THEM TO BE.

22. WE HAVE ONLY BEGUN TO TAP THE HUGE POTENTIAL OF

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OUR ECONOMIC COOPERATION.

SOCIAL INTERACTION

22. ON THE SOCIAL AND CULTURAL PLANE, EXPANDED CONTACTS BETWEEN OUR COUNTRIES INCREASE MUTUAL UNDERSTANDING, BUT THEY HIGHLIGHT OUR FUNDAMENTALLY DIFFERENT VALUES AS WELL. WHILE FAMILIARITY HAS NOT BRED CONTEMPT NEITHER HAS IT BRED CONTENTMENT.

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23. THE MOST PRICKLY MANIFESTATION IN THIS AREA IS HUMAN RIGHTS. AS WE TAKE A CLOSER, LESS SENTIMENTAL LOOK AT THE CHINESE SCENE, CERTAIN ISSUES LOOM LARGER. AS WE DO AROUND THE GLOBE, THE UNITED STATES PROJECTS OUR IDEALS AS WELL AS OUR INTERESTS. WE HAVE DONE SO FAITHFULLY IN CHINA BUT ALSO WITH SOME MODERATION BECAUSE WE RECOGNIZE THE AWESOME CHALLENGES THE CHINESE FACE IN OVERHAULING THEIR NATION OF A BILLION PEOPLE; THE DIFFERENCES IN HISTORIES AND CULTURES; AND THE TREMENDOUS PROGRESS THAT HAS BEEN MADE SINCE THE CULTURAL REVOLUTION.

24. TO BE FAIR, WE MUST NOT MERELY TAKE A SNAPSHOT OF CHINA'S POLITICAL AND CULTURAL SCENE BUT ALSO ASSESS THE OVERALL TRENDS. THE COMMUNIST PARTY IS SUPREME, BUT THERE IS MORE CONSULTATION AND REFLECTION OF THE POPULAR WILL. THE CHINESE PRESS IS CONTROLLED, BUT LIVELIER AND MORE DISSONANT. THERE IS A DETERMINED EXPANSION OF THE RULE OF LAW, AND EVEN THE NATIONAL PEOPLE'S CONGRESS IS UNDERGOING SOME REFORM.

25. THE CHINESE PEOPLE REMAIN IN A CAGE -- BUT IT IS MUCH LARGER AND AIRIER THAN A DECADE AGO.

26. NEVERTHELESS AS THE CONGRESS AND MEDIA ZOOM IN ON PARTICULAR CHINESE BLEMISHES, AND AS GLASNOST IMPROVES MOSCOW'S IMAGE, SINO-AMERICAN FRICTIONS OVER HUMAN RIGHTS HAVE SURFACED. IN OUR COUNTRY THERE IS SYMPATHY FOR MARCHING YOUTH BRANDISHING PORTRAITS OF THE STATUE OF LIBERTY AND QUOTING THOMAS PAINE. FOR A RETURNED

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SECTION 06 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD
FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR
TAGS: PREL, CH, OVIP (BUSH, GEORGE)
SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

CHINESE STUDENT JAILED FOR HIS POLITICAL ACTIVITIES;
A DISSIDENT CHINESE SCHOLAR PREVENTED FROM TRAVELLING
ABROAD; "DEMOCRACY WALL" ACTIVISTS STILL LANGUISHING
IN JAIL.

27. THE MOST PROMINENT ISSUES TO DATE ARE TIBET AND
POPULATION POLICY. TIBET IS IMPORTANT TO THE CHINESE
IN TERMS OF SOVEREIGNTY, EXTERNAL SECURITY (THE BORDER
WITH INDIA), AND INTERNAL CONTROL (THEY HAVE NOTED
GORBACHEV'S PROBLEMS WITH MINORITY NATIONALITIES). AS

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DOES EVERY OTHER GOVERNMENT IN THE WORLD, WE RECOGNIZE CHINESE SOVEREIGNTY. (EVEN THE DALAI LAMA STOPS SHORT OF DEMANDING INDEPENDENCE). WE ALSO ACKNOWLEDGE THAT

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THE CHINESE HAVE PURSUED A MUCH MORE ENLIGHTENED POLICY IN TIBET SINCE 1980. BUT WE NEED TO KEEP PRESSING THE CHINESE ON THE HARSH SUPPRESSION OF DISSENT, THE ROUGH TREATMENT OF PRISONERS, AND THE LACK OF ACCESS TO OUTSIDERS, INCLUDING JOURNALISTS.

28. THREE YEARS AGO WE CUT OFF FUNDING TO THE UNITED NATIONS POPULATION PROGRAM FOR CHINA BECAUSE OF ABUSES LIKE FORCED ABORTION (EVEN THOUGH THE UN PROGRAM HAS PROVIDED NO FUNDS FOR ABORTIONS OF ANY KIND). THE CHINESE FACE THE CLASSIC MALTHUSIAN DILEMMA; THEIR FUTURE IS DOOMED IF THEY CANNOT CONTROL THEIR POPULATION GROWTH. IN ORDER TO REGAIN AMERICAN SUPPORT, THEY AND THE UNITED NATIONS HAVE BEEN QUIETLY WORKING TO ALTER THE UN PROGRAM SO THAT ITS ASSISTANCE WILL BE SOLELY FOR EDUCATION AND CONTRACEPTIVES -- WHICH WILL CUT DOWN THE NUMBER OF ABORTIONS. BUT COERCION BY OVERZEALOUS CADRE PERSISTS, AND THE CHINESE PROVIDE NO EVIDENCE THAT THEY ARE PUNISHING THE ABUSERS. THIS ISSUE IS EMOTIONALLY EXPLOSIVE IN THE UNITED STATES. THE ADMINISTRATION WILL FACE A DIFFICULT DECISION THIS SPRING: EITHER TO RESUME OUR CONTRIBUTION OR TO SEE THE ENTIRE UN PROGRAM IN CHINA (WHICH REQUIRES A CENSUS) WIPED OUT -- AND ABORTIONS INCREASE. MEANWHILE RECENT DEPARTMENT OF JUSTICE AND COURT DECISIONS HAVE OPENED A FAMILY PLANNING LOOPHOLE THAT COULD PRODUCE THOUSANDS OF APPLICATIONS BY CHINESE FOR ASYLUM IN THE UNITED STATES.

29. THERE WILL BE NO WAY TO AVOID OR EASILY RESOLVE THE TENSIONS THAT FLOW FROM THE MESHING OF OUR SOCIETIES AND CULTURES. WE WILL -- AND SHOULD -- CONTINUE TO RAISE HUMAN RIGHTS ISSUES. THE CHINESE DO NOT SEEK TO

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IMPOSE THEIR CONCEPTS ON US AND THUS WILL CONTINUE TO RESENT WHAT THEY PERCEIVE AS OUR ATTEMPT TO DO SO ON THEM. AS ELSEWHERE IN THE WORLD, WE WILL NEED TO

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STRIKE A BALANCE BETWEEN OUR COLLECTIVE CONSCIENCE, THE PRINCIPLE OF SOVEREIGNTY, THE CRITERIA OF EFFECTIVENESS AND OUR OVERALL STRATEGIC AND ECONOMIC STAKES.

YOUR INTERLOCUTORS

30. CHINA HAS ALREADY ENTERED THE SUCCESSION STAGE. YOUR MEETINGS WITH ZHAO AND LI WILL THEREFORE BE NO LESS IMPORTANT THAN THE ONES WITH DENG AND YANG.

31. TO BE SURE, CHAIRMAN DENG REMAINS THE SINGLE MOST INFLUENTIAL FIGURE, THOUGH INCREASINGLY REMOVED FROM DAILY DECISIONS. THIS PARTLY REFLECTS HIS LONG-HELD GOAL OF INSTITUTIONALIZING HIS POLICIES AND GIVING EXPOSURE, EXPERIENCE, AND CREDIBILITY TO HIS SUCCESSORS. IT ALSO REFLECTS HIS AGE AND DECLINING STAMINA. YOU KNOW HIM WELL. YOU WILL FIND HIM AS MENTALLY SHARP AS EVER, THOUGH SOMEWHAT SLOWER IN STEP AND HARDER OF HEARING. HE WILL BE SURE TO MAKE SOME KEY POINT WHILE THE INTERNATIONAL PRESS IS STILL ASSEMBLED FOR PICTURE-TAKING, PERHAPS A REFERENCE TO YOU OR TO SINO-AMERICAN RELATIONS. HE WILL HAVE THREE OR FOUR MAIN TOPICS ON HIS MIND WHICH HE WILL COVER IN SEEMINGLY CASUAL FASHION. AMONG THE LIKELY CANDIDATES: OUR BILATERAL RELATIONSHIP, SINO-SOVIET RELATIONS, CAMBODIA, TAIWAN, AND THE PROSPECTS FOR CHINESE REFORMS. WITH THE EXCEPTION OF TAIWAN, THESE WOULD ALSO BE GOOD

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EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

ISSUES FOR YOU TO RAISE WITH HIM. YOU COULD RANGE
CONCEPTUALLY OVER THE ASIA-PACIFIC REGION GENERALLY.
AS ALWAYS WITH DENG YOU WILL CONVERSE AT THE STRATEGIC,
NOT THE TACTICAL, LEVEL.

32. YOU WILL RECALL YOUR RELAXED AND FASCINATING
SEQUOIA CRUISE IN 1987 WITH PRESIDENT YANG. IN MY
MEETING WITH HIM THIS DECEMBER HE SPOKE WITH GREAT WARMTH
ABOUT THAT EVENING AND HIS RESPECT FOR YOU. YANG IS
THE FRIENDLIEST AND MOST STRAIGHTFORWARD OF THE
CHINESE LEADERS. WHILE THE PRESIDENCY HAS ASSUMED MORE
IMPORTANCE UNDER HIM, HIS REAL POWER DERIVES FROM THE
ACCUMULATED AUTHORITY OF HIS CAREER, HIS CLOSENESS TO

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DENG, AND HIS DAY-TO-DAY CONTROL OVER THE MILITARY.
OUR BEST JUDGMENT IS THAT HE SUPPORTS ECONOMIC REFORMS
AND THE OPENING, WHILE HE IS QUITE CONSERVATIVE ON
POLITICAL AND CULTURAL ISSUES -- BUT IN THIS OPAQUE
SYSTEM ONE IS NEVER SURE. IF DENG PREDECEASES HIM,
YANG WOULD BE A STABILIZING FORCE AND COULD BE THE
KINGMAKER, THE TANAKA (FORMERLY) OF CHINESE POLITICS.
THE MOST LIKELY AGENDA TOPICS FOR YOUR MEETING AND
BANQUET WITH HIM INCLUDE OUR RESPECTIVE DEALINGS WITH

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MOSCOW, THE SINO-AMERICAN MILITARY RELATIONSHIP, ARMS CONTROL ISSUES, AND VARIOUS REGIONAL TOPICS SUCH AS CAMBODIA, AFGHANISTAN AND KOREA.

33. EVEN AS YOU RENEW OLD FRIENDSHIPS WITH THE TWO LONG-MARCHERS, YOU WILL WANT TO TAKE STOCK OF THE HEADS OF PARTY AND GOVERNMENT WHO WILL LIKELY BE THE KEY FIGURES DURING YOUR ADMINISTRATION. ZHAO HAS COME UNDER INCREASED FIRE IN RECENT MONTHS, PARTICULARLY SINCE LAST SUMMER'S INFLATION CRISIS. BUT THE HONG KONG TABLOIDS HAVE EXAGGERATED HIS POLITICAL DIFFICULTIES. PART OF HIS PROBLEM IS THAT HE IS NUMBER TWO, THE HEIR-APPARENT. (FORTUNATELY, THIS IS NOT A PROBLEM IN THE UNITED STATES|) ASK LIU SHAOQI, LIN BIAO, AND HU YAOBANG. OR ZHOU-ENLAI WHO SURVIVED PRECISELY BECAUSE HE AVOIDED THAT POSITION. THE FACTS ARE THAT ZHAO HAS HANDLED WITH GREAT SKILL A SUCCESSION OF KEY PARTY AND GOVERNMENT ROLES AROUND THE COUNTRY AND IN BEIJING. HE HAS MANY APPOINTEES AND SUPPORTERS IN THE PROVINCES. HE IS DENG'S DEPUTY ON THE CENTRAL MILITARY COMMISSION, ALTHOUGH WE DON'T KNOW HOW WELL HE IS CONSOLIDATING HIS RELATIONSHIP WITH THE PLA. HE IS THE MOST CONCEPTUAL OF THE SECOND-GENERATION OF LEADERS, AND THE ONE MOST ANXIOUS TO SEEK OUTSIDE ADVICE, MILTON

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FRIEDMAN BEING BUT ONE EXAMPLE. HE WOULD BE THE MOST INTERESTING ON CHINA'S POLITICAL AND ECONOMIC REFORMS. YOU COULD ALSO DISCUSS THE OUTLINES OF OUR FUTURE BILATERAL RELATIONSHIP, INCLUDING THE INCREASINGLY CRUCIAL ECONOMIC DIMENSIONS.

34. YOUR SESSION WITH LI PENG WILL BE THE LONGEST AND MOST WORKMANLIKE, WITH DELEGATIONS FACING EACH OTHER ACROSS A GREEN-COVERED TABLE RATHER THAN DEPLOYED IN A CRESCENT OF ARMCHAIRS. THIS IS APPROPRIATE FOR THIS TECHNOCRAT WHO IS MUCH MORE AT EASE DISCUSSING TREES THAN FORESTS. (IN A DINNER WITH LEE IACOCCA WHICH I ATTENDED LI FOCUSED ON THE NUMBER OF TRAINS AND CARS IN CHINA AND NEVER ONCE ASKED HIS GUEST ABOUT ECONOMIC POLICIES OR EVEN MANAGEMENT TECHNIQUES.) BECAUSE OF H

IS SOVIET TRAINING, THERE HAS BEEN MUCH SUPERFICIAL SPECULATION ABOUT LI'S PRO-SOVIET LEANINGS. THERE IS NO EVIDENCE OF THIS. HE IS MORE CAUTIOUS THAN ZHAO ABOUT THE PACE OF REFORMS AND THE RISKS OF POLITICAL INSTABILITY. HE IS MORE AT HOME WITH SOME CENTRAL

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PLANNING BECAUSE OF HIS PAST PORTFOLIOS IN SECTORS LIKE ENERGY, TRANSPORTATION, AND TELECOMMUNICATIONS. HE KNOWS, HOWEVER, THAT THE WEST OFFERS THE CAPITAL, TECHNOLOGY, AND MANAGEMENT CHINA NEEDS, AND HE HAS SPENT MORE TIME WITH AMERICAN BUSINESSMEN THAN ANY OTHER LEADER. IN YOUR MEETING YOU CAN EXPLORE VARIOUS REGIONAL ISSUES AND THE MANY TRADE AND INVESTMENT OPPORTUNITIES WE FACE. YOU CAN ALSO SUGGEST SOME NEW DEPARTURES IN OUR BILATERAL RELATIONSHIP DURING THE NEXT FOUR YEARS -- FOR EXAMPLE, INCREASED COOPERATION

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SECTION 08 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

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ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

ON DRUG CONTROL; THE INITIATION OF EXCHANGES ON
TERRORISM; DISCUSSIONS ON ENVIRONMENTAL PROBLEMS;
DEEPENED DIALOGUE ON ARMS CONTROL; AND A MORE
SYSTEMATIC SERIES OF WORKING LEVEL CONSULTATIONS ON
REGIONAL ISSUES.
YOUR OBJECTIVES

35. YOUR BULGING BRIEFING BOOKS COVER SUGGESTED OBJECTIVE
FOR YOUR TRIP. I CONCLUDE WITH A STACCATO RUNDOWN OF
PRINCIPAL THEMES.

36. THE VERY FACT THAT YOU ARE TRAVELLING HERE ONE MONTH
INTO YOUR ADMINISTRATION ACCOMPLISHES YOUR MAJOR GOALS:

PAGE 02 BEIJIN 03855 08 OF 10 -131125Z

-- YOU ARE HIGHLIGHTING THE SIGNIFICANCE OF SINO-
AMERICAN RELATIONS.

-- TOGETHER WITH STOPS IN JAPAN AND KOREA, YOU ARE
UNDERLINING THE IMPORTANCE OF ASIA TO AMERICAN NATIONAL
INTERESTS.

-- YOU ARE INJECTING BALANCE INTO THE GEOMETRY OF SINO-
SOVIET AND US-SOVIET RELATIONS.

37. ON A PERSONAL LEVEL YOU WILL SET THE TONE AND PARA-
METERS OF OUR BILATERAL RELATIONSHIP WITH CHINESE LEADERS
AND THE BROADER CHINESE PUBLIC. YOUR HOMECOMING WILL BE
LAVISHLY PUBLICIZED IN THE CHINESE MEDIA. YOU WILL ENLIST
THE AUTHORITATIVE STAMP OF THE VETERANS DENG AND YANG FOR
FUTURE CHINESE POLICY EVEN AS THEY PASS THE BATON TO THEIR
SUCCESSORS. YOU AND YOUR NEW NATIONAL SECURITY TEAM
TRAVELLING WITH YOU WILL SIZE UP THOSE SUCCESSORS, THEIR
VISION AND THEIR ABILITIES -- AND ESTABLISH PERSONAL TIES
FOR FUTURE EXCHANGES.

38. THE CHINESE, NATURALLY, WILL HAVE THEIR OWN AGENDA.
SINCE YOU ARE AN "OLD FRIEND", THEIR EXPECTATIONS ARE
HIGH. THEIR TRADITIONAL TECHNIQUE IS TO TEST "OLD FRIENDS"
AND YOU ARE LIKELY TO BE SUBJECTED TO THIS APPROACH ON

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TOPICS RANGING FROM TAIWAN TO TECHNOLOGY CONTROLS. FOR
EXAMPLE, AMBASSADOR HAN XU, IN HIS FEBRUARY 6 MEETING WITH
SECRETARY BAKER, SIGNALLED THE CHINESE INTENTION TO RAISE
WITH YOU AT LEAST TWO DIMENSIONS OF THE TAIWAN ISSUE.
BEIJING IS CONCERNED OVER GROWING INDEPENDENCE SENTIMENT
ON TAIWAN AND OVER TAIWAN'S EFFORTS TO EXPAND ITS INTER-
NATIONAL POLITICAL TIES THROUGH AN "ELASTIC DIPLOMACY".

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39. IN A WORKING VISIT OF FORTY HOURS, FOUR MEETINGS, AND
THREE BANQUETS YOU CAN ONLY LAY DOWN A FEW BRUSH STROKES,
TO BE FILLED IN DURING THE COMING MONTHS AND YEARS. YOU
CAN PROJECT OR ELICIT THE FOLLOWING:

- OUR INTENTIONS TOWARD THE SOVIET UNION.
- CHINESE INTENTIONS TOWARD THE SOVIET UNION.
- COMPARISON OF ASSESSMENTS ON GORBACHEV'S POLICIES
AND PROSPECTS.
- THE SERIOUSNESS OF THE BALLISTIC MISSILE AND
CHEMICAL PROLIFERATION ISSUES. THE NEED FOR CHINA
TO ACT RESPONSIBLY.
- SUPPORT FOR PRINCE SIHANOUK.. PREVENTION OF
BOTH VIETNAMESE PROXY RULE AND KHMER ROUGE DOMINATION
IN CAMBODIA. STEADINESS IN OUR POLICY TOWARD VIETNAM.
- MORE DETAILED CHINESE POSITIONS ON THE LINK
BETWEEN OUTSIDE AID TO CAMBODIAN FACTIONS AND
VIETNAMESE WITHDRAWALS; AND ON AN INTERNATIONAL
PRESENCE AND OTHER MEASURES TO CHECK THE KHMER ROUGE.
- EXCHANGE OF VIEWS ON THE FUTURE OF AFGHANISTAN.
- EXPLANATION OF OUR APPROACH TO NORTH KOREA AND
THE NEED TO FOSTER NORTH-SOUTH DIALOGUE. ENCOURAGEMENT
OF CHINESE TIES WITH SOUTH KOREA AND POSITIVE INFLUENCE

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SECTION 09 OF 10 BEIJING 03855

EXDIS

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR
TAGS: PREL, CH, OVIP (BUSH, GEORGE)
SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

ON NORTH KOREA.

-- OUR VIEWS ON THE FUTURE ROLE OF JAPAN IN ASIA
AND THE WORLD. THE STEADYING INFLUENCE OF US-JAPAN
SECURITY TIES.

-- ENCOURAGEMENT OF INDO-PAKISTANI AND SINO-INDIAN
RAPPROCHEMENT. DISCOURAGEMENT OF NUCLEAR AND MISSILE
PROLIFERATION IN THE SUBCONTINENT.

-- THE URGING OF CHINESE DIALOGUE WITH ISRAEL AS
PART OF MORE CONSTRUCTIVE CHINESE INFLUENCE IN THE

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MIDDLE EAST.
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-- OUR CONTINUING COMMITMENT TO THE THREE JOINT SINO-AMERICAN COMMUNIQUE AND A ONE CHINA POLICY. OUR CONTINUING COMMITMENT TO UNOFFICIAL U.S. FRIENDSHIP WITH TAIWAN.

-- THE WELCOMING OF RECENT MAINLAND-TAIWAN INTER-ACTIONS. OUR VIEW THAT THIS PROCESS MUST BE PURSUED PEACEFULLY BY THE PARTIES THEMSELVES, WITHOUT EITHER AMERICAN ADVOCACY OR OBSTRUCTION. POLITE BUT FIRM REJECTION OF ANY SUGGESTION THAT WE CAN BE HELD RESPONSIBLE FOR INTERNAL DEVELOPMENTS IN TAIWAN.

-- CHINESE REAFFIRMATION OF THEIR PEACEFUL APPROACH TOWARD TAIWAN.

-- OUR PLANS TO RESIST PROTECTIONISM, LOOSEN TECHNOLOGY CONTROLS, AND WORK FOR CHINESE ACCESSION TO THE GATT. THE NEED FOR EXPANDED AIR SERVICE BETWEEN THE TWO COUNTRIES.

-- CHINESE ASSURANCES TO OPEN UP THEIR MARKET, IMPROVE THE INVESTMENT CLIMATE, PROTECT INTELLECTUAL PROPERTY RIGHTS, AND PURSUE REFORMS CONSISTENT WITH GATT ACCESSION.

-- MUTUAL RECOGNITION OF THE VALUE OF OUR GRADUALLY DEVELOPING MILITARY RELATIONSHIP. WELCOMING OF FUTURE HIGH-LEVEL TRIPS, SHIP VISITS, AND TECHNOLOGY COOPERATION.

-- MUTUAL APPRECIATION OF RECENT BREAKTHROUGHS IN OUR RELATIONS SUCH AS THE INVITATION TO THE PEACE

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CORPS, THE SIGNING OF THE MARITIME ACCORD, AND THE AGREEMENT TO USE CHINESE ROCKETS FOR AMERICAN SATELLITES.

-- THE NEED FOR ENLIGHTENED CHINESE POLICY TOWARD

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HUMAN RIGHTS, RANGING FROM STUDENTS TO DISSIDENTS TO PROSPECTIVE MOTHERS TO TIBETAN MONKS.

-- CHINESE INTENTIONS TOWARD TIBET FOLLOWING THE DEATH OF THE PANCHEN LAMA. THE PROSPECTS FOR NEGOTIATIONS WITH THE DALAI LAMA.

-- THE INTRODUCTION OF FRESH ITEMS FOR OUR FUTURE AGENDA SUCH AS DRUGS, TERRORISM, THE ENVIRONMENT AND ARMS CONTROL.

-- PROSPECTS FOR FUTURE HIGH-LEVEL VISITS IN BOTH DIRECTIONS OF POLITICAL, MILITARY AND ECONOMIC LEADERS. LOOKING FORWARD

40. "A NEW CHINA WAS EMERGING AND THE RELATIONSHIP BETWEEN THE UNITED STATES AND THE PEOPLE'S REPUBLIC WOULD BE CRUCIAL IN THE YEARS TO COME, NOT JUST IN TERMS OF ASIAN BUT OF WORLDWIDE AMERICAN POLICY."

41. THE AUTHOR OF THESE WORDS WAS LOOKING FORWARD PERCEPTIVELY TO THE SIGNIFICANCE OF SINO-AMERICAN RELATIONS TODAY, AND INTO THE NEXT CENTURY.

42. THE GOOD NEWS IS THAT THE BOOK FROM WHICH THIS

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SECTION 10 OF 10 BEIJING 03855

EXDIS..

FOR THE PRESIDENT FROM AMBASSADOR LORD

FOR SECRETARY BAKER

ALSO PLEASE PASS TO NSC - GENERAL SCOWCROFT

E.O.12356:DECL:OADR

TAGS: PREL, CH, OVIP (BUSH, GEORGE)

SUBJECT: LOOKING FORWARD: YOUR RETURN TO CHINA

EXCERPT IS DRAWN IS NOW A BEST-SELLER IN CHINA IN
EIGHT DIFFERENT EDITIONS. THE BAD NEWS IS THAT THE
AUTHOR IS RECEIVING NO ROYALTIES -- A PRIME EXAMPLE
OF WHY WE MUST PRESS THE CHINESE TO PROTECT
INTELLECTUAL PROPERTY.

43. MR. PRESIDENT: THE CHAIRMAN, THE PASTOR, THE TENNIS
PRO, A BILLION ABSENTEE VOTERS, A THOUSAND AMERICAN
POINTS OF LIGHT, MRS. LORD AND I ALL ARE "LOOKING
FORWARD" TO WELCOMING YOU AND MRS. BUSH BACK TO CHINA.
RESPECTFULLY, WINSTON LORD.

LORD

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DEMONSTRATE THEIR BIAS, AND FORGET THAT WHAT THEY ARE
SUPPOSED TO DO IS AID AND HELP ALL CHILEAN SECTORS TO
CONTINUE WORKING AS THEY HAVE UNTIL NOW TO IMPROVE
THE PROBLEMS."

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E.O. 12356: DECL: OADR
TAGS: PHUM, PREL, CI
SUBJECT: REACTION TO UN RESOLUTION ON CHILEAN
HUMAN RIGHTS SITUATION

1. (U) SUMMARY: THE VOTE ON THE RESOLUTION ON
CHILEAN HUMAN RIGHTS SITUATION AT THE UN RECEIVED
ONLY MODERATE COVERAGE IN THE MEDIA. THE U.S. VOTE
WAS MENTIONED, BUT HAS NOT DRAWN ANY PARTICULAR
COMMENT. A BLAST FROM SPECIAL RAPPORTEUR FERNANDO
VOLIO, AIMED DIRECTLY AT MEXICO, SHOULD ENLIVEN THE
DEBATE OVER WHAT ONE RADIO COMMENTATOR TERMED "THE
ANNUAL RITUAL" OF THE WORLD'S CONDEMNING CHILE FOR
HUMAN RIGHTS ABUSES AND CHILE'S RESPONDING WITH CRIES
OF "INTERVENTION" AND "MARXIST CONSPIRACY." END
SUMMARY.

2. (U) REPORTING ON THE UN RESOLUTION HAS BEEN
RELATIVELY STRAIGHTFORWARD, WITH LITTLE EDITORIAL
COMMENT. PRO-GOVERNMENT "EL MERCURIO" CARRIED THE
TEXT OF THE RESOLUTION AND PORTIONS OF THE CHILEAN
GOVERNMENT'S CRITICISM OF IT. ALTHOUGH THE U.S.
EXPLANATION OF VOTE WAS MADE AVAILABLE TO THE MEDIA,
IT HAS NOT BEEN PUBLISHED IN ITS ENTIRETY. THE MEDIA
HAVE NOTED ONLY THAT THE U.S. VIEWED THE LACK OF A
REFERENCE TO TERRORISM AS A SERIOUS FLAW IN THE
RESOLUTION. OPPOSITION "LA EPOCA" CARRIED A SHORT
PIECE NOTING "PREDICTABLY," CHILE REJECTED THE
RESOLUTION AS DISCRIMINATING.

3. (U) THE ONLY EDITORIAL COMMENT OF WHICH EMBASSY IS
AWARE WAS CARRIED ON ANTI-GOVERNMENT "RADIO
COOPERATIVA." THE COMMENTATOR REFERRED TO THE VOTE
AS "AN ANNUAL RITUAL SINCE 1974," DURING WHICH MUCH
OF THE WORLD CONDEMNS CHILE FOR ITS HUMAN RIGHTS
ABUSES AND THE CHILEAN GOVERNMENT DENOUNCES THE
RESOLUTION AS "INTERVENING IN CHILEAN DOMESTIC
AFFAIRS" AND AS PART OF A "MARXIST CONSPIRACY."

4. (U) ON DECEMBER 2, HOWEVER, "EL MERCURIO" CARRIED
PORTIONS OF AN INTERVIEW WITH FERNANDO VOLIO, IN
WHICH HE STOPPED SHORT OF THREATENING TO RESIGN
(REFTL) BUT DID NOT HIDE HIS ANGER AT THE
RESOLUTION. VOLIO IS QUOTED AS SAYING THAT A LARGE
NUMBER OF COUNTRIES ABSTAINED BECAUSE THEY RECOGNIZED
THAT THE RESOLUTION "PERSISTS IN IGNORING THE
VOCATION OF CHILEANS TO ACHIEVE DEMOCRACY."

5. (U) VOLIO BLASTED MEXICO FOR "INSISTING ON USING
HARD LANGUAGE THAT IS INCONSISTENT WITH WHAT IS
HAPPENING IN CHILE. MEXICO HAS A DESIRE TO APPEAR AS
THE CHAMPION OF HUMAN RIGHTS, BUT ONLY OUTSIDE ITS
OWN HOUSE." HE NOTED THAT THE "MEXICANS APPOINT
THEMSELVES DRAFTERS OF THE RESOLUTIONS AGAINST CHILE,

6. (C) MAXIMO PACHECO, VICE PRESIDENT OF THE
CHILEAN HUMAN RIGHTS COMMISSION, TOLD ENHOFF
THAT HE THOUGHT VOLIO WAS "UNFAIR" IN HIS
CRITICISMS. HE TERMED HIMSELF A GOOD PERSONAL
FRIEND OF VOLIO'S, BUT SAID HE WAS NOT BLIND
TO VOLIO'S WEAKNESSES OF TEMPERMENT AND PRIDE.
HE OPINED THAT VOLIO'S PIQUE WILL BLOW OVER;
VOLIO'S THREATS TO RESIGN HAVE BEEN RENDERED
MEANINGLESS BY REPETITION. PACHECO ADDED
THAT HE HAD BEEN INTERVIEWED BY "EL MERCURIO"
ABOUT VOLIO'S COMMENTS, BUT HIS REMARKS WILL
BE CARRIED ON DECEMBER 3. PACHECO SAID HE HAD
CAREFULLY AVOIDED TELLING THE "EL MERCURIO"
JOURNALIST THAT HE WAS SORRY THE U.S. HAD NOT
VOTED IN FAVOR OF THE RESOLUTION, WHICH HE TERMED
VERY BALANCED, LEST "EL MERCURIO" HEADLINE HIS
COMMENTS WITH "CHILEAN HUMAN RIGHTS COMMISSION
BLASTS THE U.S."

7. (C) COMMENT: JUDGING FROM THE MUTED MEDIA COVERAGE
AND THE ABSENCE OF ANY STATEMENT FROM MAJOR POLITICAL
FIGURES, POST-PLEBISCITE ATTENTION APPEARS TO BE
FOCUSED MORE ON POLITICAL MANEUVERING THAN IT IS ON
THE UN HUMAN RIGHTS VOTES.

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E.O. 12356: DECL: OADR
TAGS: PHUM, PREL, UNGA, UNHCR-1, CI, CS
SUBJECT: HUMAN RIGHTS IN CHILE - VOLIO INSISTS HE
WILL RESIGN IF MEXICAN RESOLUTION PASSES
UNCHANGED

REFS: (A) STATE 303962
(B) USUN NEW YORK 4092
(C) SAN JOSE 15305

1. ~~CONFIDENTIAL~~ ENTIRE TEXT

2. PER INSTRUCTIONS REF A, POLOFF MET NOVEMBER 30 WITH FERNANDO VOLIO, THE UN SPECIAL RAPPORTEUR ON HUMAN RIGHTS IN CHILE, AND ATTEMPTED TO PERSUADE HIM TO CONTINUE IN HIS POST EVEN IF THE MEXICAN RESOLUTION ON CHILE PASSES WITH PARAGRAPH 10 UNCHANGED (REF B). VOLIO WAS GRATIFIED BY OUR SUPPORT FOR HIS WORK, AND PLEASED BY OUR DECISION TO ABSTAIN WHEN THE RESOLUTION COMES UP FOR A VOTE. COSTA RICAN FOREIGN MINISTER MADRIGAL, VOLIO TOLD US, HAS DIRECTED THE COSTA RICAN MISSION TO ABSTAIN AS WELL.

3. NONETHELESS, VOLIO WAS UPSET BY THE LIKLIHOOD THAT THE MEXICAN DRAFT WILL PASS, AND WOULD NOT BE SWAYED BY OUR ARGUMENTS THAT HE STAY IF IT DOES. POLOFF POINTED OUT THAT PARAGRAPH 10'S LANGUAGE CALLING ON THE UNHRC TO RECEIVE INFORMATION FROM ALL SOURCES WOULD NOT CONSTITUTE MUCH OF A REAL CHANGE, GIVEN THE UNHRC'S PRACTICE OF HEARING TESTIMONY FROM ALL CORNERS AT ITS FEBRUARY MEETING. VOLIO SHARPLY DISAGREED, STATING THAT IT IS ONE THING FOR THE UNHRC TO RECEIVE PUBLIC AND UNOFFICIAL TESTIMONY AT ITS ANNUAL MEETING, BUT QUITE ANOTHER TO CHANGE THE SPECIAL RAPPORTEUR'S MANDATE. PARAGRAPH 10 DOES THIS BY STATING THAT THE UNHRC WILL OFFICIALLY RECEIVE INFORMATION FROM OTHER SOURCES. WHY, HE ASKED RHETORICALLY, SHOULD THE UNHRC GO TO THE TROUBLE AND EXPENSE OF HAVING A SPECIAL RAPPORTEUR IF HIS REPORT IS WORTH NOTHING MORE THAN THE RAVINGS OF "RADICAL" NGOS? VOLIO WAS SIMILARLY UNMOVED BY OUR ARGUMENTS ON THE IMPORTANCE OF HIS CONTINUING THROUGH THE 1989 ELECTIONS IN CHILE, THE INADVISABILITY OF SIMPLY LEAVING THE FIELD TO THE MEXICANS AND CUBANS, OR OF THE IMPORTANCE FOR THE UN AS AN INSTITUTION OF RETAINING MODERATES WITHIN IT.

4. POLOFF ALSO ARGUED THAT VOLIO SHOULD NOT VIEW HIMSELF NARROWLY AS A FUNCTIONARY OF THE UN. INSTEAD, HE SHOULD FOCUS ON THE GOAL OF IMPROVING THE HUMAN RIGHTS SITUATION IN CHILE THROUGH THE DEVELOPMENT OF DEMOCRACY. NO, SAID VOLIO, THERE COMES A TIME WHEN THE INTERNATIONAL COMMUNITY MUST REACT TO THE UN DOUBLE STANDARD. WHEN POLOFF POINTED

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OUT THAT SUCH A REACTION WILL BE A LONG TIME COMING, VOLIO RESPONDED THAT AT LEAST HE WON'T BE A PART OF THE CONTINUING CHARADE.

5. IF THE MEXICAN DRAFT PASSES WITH PARAGRAPH 10 UNCHANGED, VOLIO CONCLUDED, HE WILL RESIGN AT THE FEBRUARY UNHRC MEETING AFTER SUBMITTING HIS REPORT ON THE PLEBISCITE PERIOD IN CHILE. VOLIO SAID THAT THE CHILEAN GOVERNMENT HAD CONFIRMED TO HIM NOVEMBER 29 THAT IT TOO OPPOSES THE MEXICAN RESOLUTION. THE GOC POSITION, SAID VOLIO, CONTINUES TO BE THAT IF VOLIO STEPS DOWN, CHILE WILL TERMINATE ITS COOPERATION WITH THE UNHRC (REF C).

6. VOLIO TOLD US THAT THE COSTA RICAN UN MISSION WILL OFFER AN AMENDMENT TO THE LANGUAGE OF PARAGRAPH 10 DURING CONSIDERATION OF THE CHILE RESOLUTION THE EVENING OF NOVEMBER 30. THE AMENDMENT WOULD DELETE THE LANGUAGE WHICH WOULD HAVE THE UNHRC RECEIVE INFORMATION FROM SOURCES IN ADDITION TO THE SPECIAL RAPPORTEUR. THE AMENDMENT WOULD BE BASED ON THE FACT THAT NONE OF THE OTHER SPECIAL RAPPORTEURS HAVE BEEN PUT IN THIS POSITION. VOLIO STATED THAT THE SPECIAL RAPPORTEURS FOR AFGHANISTAN AND IRAN AGREE WITH HIS VIEW THAT THE LANGUAGE IS AN ATTACK ON THE SYSTEM OF SPECIAL RAPPORTEURS IN GENERAL. IF THE COSTA RICAN AMENDMENT IS ADOPTED, VOLIO WILL STAY ON. IF NOT, HE SAID, HE WILL HAVE RECEIVED A VERY CLEAR VOTE OF NO CONFIDENCE, LEAVING HIM NO OPTION BUT TO STEP DOWN.

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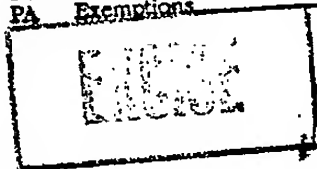
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MEXICAN-USSR RELATIONS

BUREAU OF
INTELLIGENCE
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Summary

President Lopez Portillo is expected to promote Mexico's usual aims of increasing trade and technological exchange with the Soviets during his current visit to the USSR, May 17-25. Other possible topics for discussion include the USSR's recent decision to sign Protocol II of the Treaty of Tlatelolco and a proposed quadrangular oil swap involving Spain and Cuba.

According to Foreign Secretary Roel, Mexico's chief interests during the visit will be agriculture, energy, food, and bilateral trade. Lopez Portillo, however, will also want to demonstrate Mexico's independence of the US in international affairs and to counter charges from the Mexican left that his administration has "swung to the right."

The USSR, in keeping with its longstanding desire to increase its presence at the US' "back door," reportedly will press Mexico to conclude a consular treaty providing for the opening of five Soviet consulates general. The USSR also hopes to sell aircraft and possibly military equipment to the Mexicans and reportedly is interested in discussing prospects for assisting in development of Mexico's uranium and nuclear energy potential.

The scope and substance of any agreements the two countries may reach are likely to be limited, however, by Mexican wariness of an expanded Soviet presence and the USSR's disinclination to make trade offers on terms advantageous to Mexico.

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Prospects

For the US, Lopez Portillo's visit presents an opportunity to communicate US views on international issues through a friendly intermediary. In bilateral terms, however, Mexican-Soviet relations seem likely to continue at the relatively modest level that has always characterized them, with small increases in trade, technological, scientific, and cultural contacts. Neither side appears inclined to yield any significant benefits to the other. As a result, Lopez Portillo's visit will likely post some clear gains for Mexico's international image--and with the President's domestic constituency--but little of significance in terms of the bilateral relationship.

Cautious Cordiality

The Mexican Government's wariness of Soviet activities in Mexico is the product of experience. Soviet heavy-handedness, combined with Mexico's extreme prickliness about its internal affairs, has produced some rocky periods in the Mexican-Soviet relationship. Although Mexico, in 1924, was the first Western Hemisphere nation to recognize the USSR, relations were severed in the late 1920's with a Mexican denunciation of Soviet interference in its internal affairs. Leon Trotsky's sojourn in Mexico, from 1937 until his assassination in 1940, did little to improve matters. Nevertheless, in the atmosphere of World War II, and partly at US urging, relations were reestablished in 1942; they continued with little friction but little contact through the 1960's.

Relations again deteriorated in 1971, when Mexico expelled five Soviet diplomats as a result of Soviet involvement in the training of Mexican guerrillas in North Korea. Two years later, however, President Echeverria included a stop in Moscow during his six-nation tour to Canada, Great Britain, Belgium, France, and the People's Republic of China. The visit to Moscow was the first for a Mexican president (although a decade earlier President Lopez Mateos had traveled to Poland and Yugoslavia and had begun efforts to intensify trade with the USSR).

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Echeverria's tour, undertaken largely to project his own and Mexico's image as a Third World leader, also allowed him to lobby in behalf of his "Charter of Economic Rights and Duties of States" (CERDS). He found the results of his stop in Moscow disappointing: although the Soviets voiced their support for CERDS, they flatly refused to sign the Treaty of Tlatelolco. Echeverria returned to Mexico with negative impressions of the USSR's ideological stance, commenting that the Soviet system "had no attraction" for Mexico.

In May 1976, only six months after Mexico and the USSR had signed a broad agreement for cooperation in science and technology, Echeverria privately threatened to break relations with the Soviet Union when he learned of an attempt by Soviet intelligence to penetrate the Office of the Presidency. The Soviets hastily withdrew the offending "diplomat." The incident was not made public, but Echeverria reportedly wrote a scathing letter to Brezhnev.

Although a "warming trend" in Mexican-Soviet relations was forecast with the arrival in mid-1976 of a new Soviet ambassador, the urgency of Mexico's economic problems when Lopez Portillo took office in December 1976 dictated that his administration concentrate on its highest priorities: restoration of confidence domestically, and improved relations with the US. Toward the end of 1977, however, contacts with the USSR and Eastern bloc countries increased slightly, with visits to Mexico by the Polish Foreign Minister, the Hungarian President, the Soviet Vice Minister of Culture, and a high-level delegation from the Council for Mutual Economic Assistance (CEMA).

Lopez Portillo's only other state visits have been to the United States and to Spain. Later this year he will visit Japan, the People's Republic of China, and Iran. His trip to the Soviet Union at this time will serve to:

- reaffirm Mexico's independence of the US in international affairs;
- reassure the Mexican left that Lopez Portillo's administration has not "swung to the right" as is often charged; and
- increase, however slightly, Mexico's prospects for expanded trade and sources of technology.

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Treaty of Tlatelolco

Brezhnev's announcement last month that the USSR would sign Protocol II of the Treaty of Tlatelolco pleased Mexico, the treaty's chief proponent. The Soviets will be committed to respect the regional nuclear free zone, and their signature will move the treaty a significant step toward full implementation. Technically, states party to the treaty are not bound by its provisions until all eligible nations have ratified either the treaty itself or its relevant protocols. Most Latin American states have waived this requirement, but Argentina (about to ratify), Brazil, and Chile have not. Thus, Mexican diplomats have assiduously sought ratification by all eligible nations to complete the nuclear free zone. With adherence to Protocol I by Argentina and France and the impending ratification of Protocol I by the US, Cuba would be the lone holdout. The possible impact on Havana of the Soviet move will undoubtedly be explored by Lopez Portillo during his trip.

Consular Convention

At present, Soviet representation in Mexico consists of an embassy (one of Moscow's largest, with a staff of approximately 90 persons), Aeroflot and Intourist offices, and a resident trade mission.

Soviet initiatives to negotiate a consular convention with Mexico, begun in 1970, were shelved in 1971 after Mexico's expulsion of the five Soviet diplomats. The USSR floated a new proposal for a consular convention in 1975, but despite continued Soviet efforts, no negotiations have been concluded. the Soviets plan to press Lopez Portillo on the consular convention during his visit, seeking an agreement to establish five Soviet consulates general in Mexico--in Veracruz, Monterrey, Guadalajara, and two other major cities. If this is in fact a Soviet goal, it is probably a long-term one, with Moscow seeking agreement in principle with implementation to be spread out over a period of time.

Lopez Portillo plans to take the offensive on this issue, asking the Soviets to justify the continuance of their already large diplomatic presence in Mexico by "paying the commercial price" of expanded long-term trade agreements.

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Military Purchases

Resistance to foreign military influence has been a persistent tenet of Mexican foreign policy. Mexico has made no purchases of Soviet arms or equipment--much less accepted Soviet military advisers--but tentative and cautious contacts have begun between the two countries' military establishments within the past two years. Accepting the USSR's longstanding offer for the first time, two Mexican Army officers visited the Soviet Union in August 1977, reportedly to look over Soviet artillery. A clandestine report of February 1978 indicates that, for the first time, Mexico has made informal inquiries to the USSR for price and availability of artillery weapons, including small-caliber howitzers, anti-aircraft equipment, and associated radar computers.

In mid-February, Soviet military attachés visited the Mexican Superior War School--something they had not done since at least 1970--to lecture and show a film. The film, touting Soviet military equipment, was a clear indication from the Soviets that they were eager to sell military hardware to Mexico.

Even more recently, the Soviets have entered the competition to sell combat aircraft to Mexico.

the Soviets, working through a Mexican businessman, approached a senior Mexican Army officer to present an offer on jet aircraft. Although no details of the proposal were revealed, the officer reportedly turned it down, insisting that the Mexican Army would only purchase US jets. According to the report, the businessman planned to raise the issue at a higher level--with the Mexican Secretary of Defense--as did a representative selling Soviet helicopters earlier this year.

Trade

Mexico, heavily dependent on the US as its major trading partner, has sought to expand and diversify its trade contacts with other nations in an effort to lessen its dependence on the US and to increase markets for its manufactured goods. While trade between Mexico and the USSR has grown considerably in the 1970's, the volume nevertheless remains economically insignificant. In 1976, for example, combined trade between the two countries reached a total of \$24 million. The balance that year was favorable to Mexico but represented only a fraction of 1 percent of Mexico's

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total exports. Moreover, although Mexico seeks to sell its manufactured products, the USSR's purchases have been chiefly of agricultural commodities.

Lopez Portillo will seek a trade package involving several hundred million dollars over a period of 4-5 years, in the form of a long-term USSR agreement to buy Mexican coffee and other products in exchange for Mexico's purchase of Soviet tractors and machinery. Reportedly, Lopez Portillo expects the USSR to offer substantial credits for the purchase of Soviet manufactured goods, but he would accept them only if the USSR, in turn, agreed to buy enough Mexican goods to strike a rough balance of trade.

Despite the increase of trade with the USSR, and Mexico's 1975 Cooperation Agreement with CEMA, the Lopez Portillo administration sees little prospect for any real economic gains in Mexico's trade with the Soviet Union and Eastern Europe.

Petroleum

The Director General of PEMEX (the Mexican state oil company) was to accompany Lopez Portillo on his trip. In addition to visits to Baku and Novosibirsk to view Soviet petroleum and natural gas installations, the Mexican visitors will continue their talks with the USSR on a proposed petroleum swap involving Spain and Cuba. Under the proposed agreement, the USSR would supply Spain with the amount of oil (perhaps 20,000 barrels per day) that Spain has agreed to purchase from Mexico. Mexico, in turn, would deliver an equal amount of oil to Cuba--with tremendous savings in transportation as a result.

The idea is not a new one--the USSR has discussed a similar arrangement with Venezuela in recent years, and discussions with Mexico have been under way since at least 1976. Despite the obvious advantages and savings of the plan, problems have so far impeded agreement:

- the USSR's earlier proposal to reimburse Mexico in Soviet industrial goods for oil shipments to Cuba was not accepted by the Mexicans;

- disparities in the quality of Mexican and Soviet petroleum affect pricing and involve conversion of refinery facilities; and

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--disagreements over how to apportion the savings in transportation costs have not been resolved.

Prospects for the resolution of these difficulties will hinge largely on whether the USSR's bargaining becomes more flexible than it has been in the past.

Prepared by Diana E. Morris
x22557

Approved by Hunter L. Estep
x22229

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SCHEDULE E.O. 11652: 5B 1,2
(Classified by M. Packman)

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE05489

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE05489

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USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: MEDIA REACTION ASIAN SECURITY NUCLEAR ISSUES

SUBJECTS COVERED IN THIS REPORT

1. ASIAN SECURITY: KOREAN PENINSULA
2. NUCLEAR ISSUES

PAGE ONE STORIES

1. POLITICAL UNCERTAINTY CLEARS SOMEWHAT AS THIRD FRONT EMERGES MAJOR CONTENDER FOR POWER IN NEW DELHI:

-- AFTER A WEEK'S UNCERTAINTY AS TO WHO WILL TAKE OVER THE REINS OF GOVERNMENT IN NEW DELHI FROM NARASIMHA RAO FOLLOWING PROBABLY THE MOST FRACTURED MANDATE THROWN BY ELECTIONS TO THE 11TH LOK SABHA (LOWER HOUSE OF PARLIAMENT), THE CLOUD SEEMED TO CLEAR SOMEWHAT ON TUESDAY NIGHT WITH THE THIRD FRONT FINALLY CHOOSING KARNATAKA CHIEF MINISTER H.D. DEVE GOWDA AS ITS PRIME MINISTERIAL CANDIDATE AND LATER STAKING CLAIM TO FORM

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THE GOVERNMENT. DEVE GOWDA'S SURPRISE BUT "UNANIMOUS" CHOICE CAME AT THE END OF A DAY IN WHICH THE COMMUNIST PARTY OF INDIA (MARXIST) REJECTED THE APPEAL OF ITS ALLIES TO RECONSIDER THE DECISION IT TOOK ON MONDAY NOT TO PARTICIPATE IN THE THIRD FRONT GOVERNMENT COMPRISING THE NATIONAL FRONT-LEFT FRONT (NF-LF) COMBINE. THE FRONT HAD ON MONDAY UNANIMOUSLY ELECTED CPI (M) LEADER AND WEST BENGAL CHIEF MINISTER JYOTI BASU AS ITS PRIME

MINISTERIAL CANDIDATE.

-- SOON AFTER HIS ELECTION AS THE FRONT LEADER, DEVE GOWDA AND THE LEADERS OF THE VARIOUS PARTIES COMPRISING THE COMBINE MET PRESIDENT S.D. SHARMA AND HANDED OVER A LIST OF PARTIES SUPPORTING HIS CANDIDATURE. THE LETTER CARRIED SIGNATURES OF H.S. SURJIT (CPI-M), INDRAJIT GUPTA (CPI), LALOO YADAV (JANATA DAL), M. KARUNANIDHI (DMK FROM TAMIL NADU), G.K. MOOPANAR (TMC WHICH BROKE AWAY FROM THE CONGRESS), MULAYAM SINGH YADAV (SP FROM UTTAR PRADESH), CHANDRABABU NAIDU (TDP FROM ANDHRA PRADESH), DURGADAS BORO (AGP FROM ASSAM), MADHAVRAO SCINDIA (MPVC WHICH ALSO BROKE AWAY FROM CONGRESS) AND N.D. TIWARI (CONGRESS-T ANOTHER CONGRESS SPLINTER). DEVE GOWDA ALSO IMMEDIATELY SENT A LETTER TO CARETAKER PM AND CONGRESS PARLIAMENTARY PARTY LEADER NARASIMHA RAO SEEKING CONFIRMATION OF CONGRESS SUPPORT FOR HIS CLAIM TO FORM A GOVERNMENT. THE NF-LF COMBINE, WHICH HAS 171 MEMBERS OF PARLIAMENT (MPS) IN ITS FOLD, WILL DEPEND ON SUPPORT FROM THE 136-STRONG CONGRESS (I).

-- PRESIDENT SHARMA IS EXPECTED TO CONSTITUTE THE 11TH LOK SABHA ON WEDNESDAY AFTER RECEIVING THE FINAL LIST OF
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534 MPS FROM THE ELECTION COMMISSION. REPORTS SAID A NEW PRIME MINISTER IS EXPECTED TO BE SWORN IN BY THURSDAY. IT IS LIKELY THAT THE PRESIDENT WILL STICK TO CONVENTION AND INVITE THE RIGHT-WING BHARATIYA JANATA PARTY (BJP), THE SINGLE LARGEST PARTY, TO EXPLORE THE POSSIBILITY OF FORMING A GOVERNMENT. THE BJP AND ITS ALLIES--SHIV SENA (15), SAMATA PARTY (EIGHT) AND HARYANA VIKAS PARTY (THREE)--HAVE A STRENGTH OF 186 MEMBERS. THE AKALI DAL WITH EIGHT MPS IN PUNJAB HAS ALSO EXTENDED SUPPORT TO THE BJP. THE ALLIANCE IS STILL SHORT 73 MPS NEEDED TO REACH THE SIMPLE MAJORITY MARK OF 269.

-- MEANWHILE, THE BUSINESS STANDARD AND INDIAN EXPRESS CARRIED THEIR WASHINGTON CORRESPONDENTS' REPORTS ON COMMERCE SECRETARY MICKEY KANTOR'S REMARKS THAT HE PLANS TO ASK THE NEW INDIAN GOVERNMENT TO ACCELERATE THE

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE05489

CHANNEL: n/a

REFORM PROCESS. SUJATHA SHENOY REPORTED THAT IN HIS FIRST SPEECH ON INDO-U.S. RELATIONS TO THE U.S.-INDIA BUSINESS COUNCIL, KANTOR SAID "OUR WORK IS FAR FROM OVER." HE REPORTEDLY SAID THE ADMINISTRATION WAS WATCHING THE POLITICAL MANEUVERS IN INDIA WITH AVID

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AMEMBASSY COLOMBO
AMCONSUL KARACHI
AMEMBASSY BEIJING
AMEMBASSY MOSCOW
AMEMBASSY ISLAMABAD

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USIS FOR BILL MURPHY

E.O. 12958: N/A
TAGS: IN, PREL, PGOV
SUBJECT: MEDIA REACTION ASIAN SECURITY NUCLEAR ISSUES

INTEREST, BUT BRUSHED ASIDE FEARS THAT THE
LIBERALIZATION EFFORTS COULD STALL. CHIDANAND
RAJGHATTA'S REPORT SAID TOP AMERICAN BUSINESS
CORPORATIONS AND CLINTON ADMINISTRATION OFFICIALS HAVE
SAID THAT THEY WERE NOT APPREHENSIVE ABOUT THE POLITICAL
DEVELOPMENTS IN INDIA AND THAT THEY EXPECTED ECONOMIC
REFORMS TO CONTINUE NO MATTER WHICH PARTY OR FORMATION
TOOK OVER THE REINS OF GOVERNMENT.

1. ASIAN SECURITY: KOREAN PENINSULA

--"RIFT AMONG ALLIES LIKELY TO BENEFIT PYONGYANG,"

ANALYSIS IN CENTRIST THE HINDU BY TOKYO CORRESPONDENT
F.J. KHERGAMVALA:

"THE CLINTON ADMINISTRATION IS MOBILIZING JAPAN AND
SOUTH KOREA TO WOO NORTH KOREA OUT OF ITS SENSE OF
ISOLATION BUT THE KIM JONG II REGIME HAS PROVEN ITSELF
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ADEPT AT GETTING THE BEST TERMS BY EXPLOITING THE
DIFFERENCES BETWEEN THE THREE ALLIES.... THE U.S. HAS
BEEN INSTRUMENTAL IN CRAFTING AN AGENDA OF INCENTIVES TO
BRING IN THE NORTH'S KIM REGIME FROM THE COLD.... THE
LATEST OF THE U.S. INITIATIVES CAME JOINTLY WITH THE
SOUTH DURING THE CLINTON HALT ON CHEJU, FOLLOWED BY A
VERY RECENT OFFER TO PAY NORTH KOREA DOLLARS \$2 MILLION
TO HELP LOCATE REMAINS OF U.S. SERVICEMEN LOST DURING
THE 1950-53 KOREAN WAR. THE ONLY AREA WHERE THE NORTH
HAS BEEN UNBENDING IS THE REVIVAL OF ITS PARTICIPATION
IN THE 1953 MILITARY ARMISTICE COMMITTEE THAT KEEPS THE
TRUCE ON THE POST COLD WAR'S HOTTEST BORDER.... THE
U.S. AMBASSADOR IN SEOUL HAS BEEN TRYING TO RESHAPE
SOUTH KOREAN PUBLIC OPINION AFTER THE ELECTIONS....

"THE SOUTH KOREANS AND THE JAPANESE BROADLY AGREE WITH
THE APPROACH TOWARD NORTH KOREA BUT EACH HAVE THEIR OWN
AGENDA IN SHAPING THE FORM, THE SUBSTANCE AND THE
OUTCOME OF THE KOREAN PENINSULA. SOUTH KOREA WANTS TO
PURSUE A TWO TRACK APPROACH.... SEOUL'S ENVOYS HAVE
PLUGGED THE NECESSITY OF DIRECT NORTH-SOUTH TALKS
INDEPENDENT OF THE FOUR WAY TALKS PROPOSAL.... JAPAN ON
THE OTHER HAND FEELS LEFT OUT OF THE PROCESS OF THE FOUR
WAY TALKS.... RUSSIA TOO IS KNOWN TO BE COOL TO THE
FOUR WAY PROPOSAL.... FOR THE MOMENT, THE U.S. AND
SOUTH KOREA HAVE RULED OUT ADDITIONAL FOOD AID UNTIL THE
NORTH SUBSCRIBES TO THE U.S.- SOUTH KOREAN PROPOSAL.
NONETHELESS DESPITE LATER DENIALS, THE U.S. APPARENTLY
LEAKED THAT ONE INCENTIVE IT MAY BE PREPARED TO OFFER
SHOULD NORTH KOREAN AGREE TO THE FOUR WAY TALKS. IT
SAID THAT IT COULD LIFT SANCTIONS AGAINST THE NORTH....

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DOC_NUMBER: 96NEWDE05489

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A LONG PROCESS OF NEGOTIATIONS HAS THUS BEGUN, WHERE THE
NORTH IS LIKELY TO EMPLOY ITS PENCHANT FOR ATTRITIONING
THE OTHER SIDE THROUGH BRINKMANSHIP AND EXPLOITING THEIR
DIFFERENCES."

2. NUCLEAR ISSUES

SUMMARY:

PUNDIT K. SUBRAHMANYAM ARGUED IN THE ECONOMIC TIMES
THAT THE U.S. CANNOT TAKE ANY PUNITIVE ACTION AGAINST
CHINA FOR ANY STEP IT MAY TAKE IN PURSUANCE OF ITS
PERCEIVED INTERESTS. ANOTHER NOTED DEFENSE ANALYST UDAY
BHASKAR OBSERVED IN THE TIMES OF INDIA THAT WASHINGTON'S
"FIDELITY TO THE PERCEIVED NATIONAL INTEREST" ASSUMES
IMPORT AT THE CURRENT JUNCTURE IN THE INDIAN CONTEXT:

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE05489

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AMEMBASSY TOKYO
AMEMBASSY COLOMBO
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USIS FOR BILL MURPHY

E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: MEDIA REACTION ASIAN SECURITY NUCLEAR ISSUES

--"U.S. LOSES A BATTLE," 'GLOBAL WATCH' COLUMN IN
PRO-ECONOMIC REFORMS THE ECONOMIC TIMES BY PUNDIT K.
SUBRAHMANYAM:

"THE U.S. DECISION NOT TO IMPOSE SANCTIONS ON CHINA
FOR ITS TRANSFER OF...RING MAGNETS TO PAKISTAN...WAS
INEVITABLE. THE U.S. WAS IN NO POSITION TO IMPOSE THE
SANCTIONS AND ACCEPT ITS CONSEQUENCES. THE MOST FAVORED
NATION TREATMENT FOR CHINA IS ALSO LIKELY TO BE
RENEWED.... THE FACT IS, THE DAYS OF U.S. POWER TO
PUNISH CHINA HAVE GONE FOREVER.... THE U.S. CANNOT TAKE
ANY PUNITIVE ACTION AGAINST CHINA FOR ANY STEP IT MAY
TAKE IN PURSUANCE OF ITS PERCEIVED INTERESTS....

"THE U.S. IS SATISFIED WITH THE CHINESE EXPLANATION
THAT THE SALE OF RING MAGNETS WAS DONE BY THE CHINESE
NUCLEAR FUEL CORPORATION WITHOUT THE KNOWLEDGE AND
APPROVAL OF THE CHINESE AUTHORITIES. SUCH EXPLANATION
MAY PASS MUSTER WITH THE GULLIBLE IN THE U.S. BUT WILL
NOT MISLEAD KNOWLEDGEABLE PEOPLE.... THE U.S. HAS NOT
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WITHDRAWN ITS FINDING THAT 5,000 RING MAGNETS WERE
SUPPLIED BY CHINA. THE CHINESE MERELY ASSERT THEIR
COOPERATION WITH PAKISTAN WAS FOR PEACEFUL PURPOSES. IF
THESE TWO STATEMENTS ARE ACCEPTED, THEN THE NPT WOULD
REQUIRE THAT PRODUCTION OF SPECIAL FISSIONABLE MATERIALS
USING THE EQUIPMENT OR MATERIAL SHOULD BE BROUGHT UNDER
IAEA SAFEGUARDS.... AFTER THIS IGNOMINIOUS RETREAT THE
U.S. IS LIKELY TO THINK TWICE BEFORE PUBLISHING ANY

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FUTURE INTELLIGENCE ON CHINA-PAKISTAN COOPERATION ON NUCLEAR OR MISSILE ISSUES. THE CHINESE POWER TO IGNORE THE U.S. IS BOUND TO GROW.... IN FUTURE THE ADMINISTRATION IS BOUND TO TRY HARDER TO PREVENT SUCH LEAKS....

"WHILE THE U.S. MAY CONTINUE TO PRETEND THAT IT IS CRUSADING AGAINST PROLIFERATION AND IT IS BEING SUCCESSFUL, IN INDIA WE SHOULD TAKE NOTE OF THE FOLLOWING. THE U.S. HAS LOST THE BATTLE ON PROLIFERATION TO CHINA AND PAKISTAN AND IS IN NO POSITION TO DO ANYTHING ABOUT IT.... THE U.S. COUNTERPROLIFERATION STRATEGY IS THE CLEAREST PROOF OF ADMISSION BY U.S. THAT IT HAS LOST THE BATTLE. IN THESE CIRCUMSTANCES ANY U.S. MOVE ABOUT THE PROLIFERATION SITUATION IN THE SUBCONTINENT IS LIKELY TO BE MORE BY WAY OF OBLIGING PAKISTAN THAN FOR ANY GENUINE NON-PROLIFERATION OBJECTIVES.... THE U.S. OBSESSION WITH IRAN GIVES PAKISTAN NECESSARY LEVERAGE....

"HAVING MISERABLY FAILED IN RESTRAINING CHINA AND PAKISTAN ON NONPROLIFERATION IT WILL BE LOGICAL FOR THE U.S. TO EMPHASIZE MORE AND MORE ON PROLIFERATION THREAT
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AND COUNTERPROLIFERATION STRATEGY MAINLY TO SAFEGUARD THE SECURITY OF THE U.S. HOMELAND AGAINST TERRORIST THREAT THOUGH THE RHETORIC MAY CONTINUE TO BE GRANDIOSE AND GLOBAL IN ITS COVERAGE."

--"RING MAGNETS AND NATIONAL INTEREST," ANALYSIS IN CENTRIST THE TIMES OF INDIA BY INSTITUTE FOR DEFENSE STUDIES AND ANALYSES SENIOR FELLOW C. UDAY BHASKAR:

"THE DECISION OF THE CLINTON ADMINISTRATION...THAT NO SANCTIONS OF ANY KIND WOULD BE IMPOSED AGAINST CHINA, AND BY EXTENSION PAKISTAN, IN THE RING MAGNET CASE BRINGS THE CURTAIN DOWN ON A RATHER COMPLEX AND VITIATED ISSUE.... SECRETARY OF STATE WARREN CHRISTOPHER...FINALLY CONCLUDED THAT THERE WAS NO BASIS FOR INVOKING THE PROVISIONS OF THE NPPA. DOES THIS GO

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AGAINST THE FACTS OF THE CASE AND DISTORT THE LIMITS OF
INTERPRETATIVE FREEDOM AVAILABLE TO THE EXECUTIVE? THE
SHORT ANSWER IS A RESOUNDING 'YES'.....

"BE THAT AS IT MAY, THE OPERATIVE ASPECT IS THE

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AMEMBASSY MOSCOW
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USIS FOR BILL MURPHY

E.O. 12958: N/A
TAGS: IN, PREL, PGOV
SUBJECT: MEDIA REACTION ASIAN SECURITY NUCLEAR ISSUES

MANNER IN WHICH THE U.S. ADMINISTRATION HAS DEFINED THE NATIONAL INTEREST IN THE TURBULENT POST-COLD WAR ERA AND THE FLEXIBLE MANNER IN WHICH RESPONSES HAVE BEEN EVOLVED TO A WIDE RANGE OF ISSUES. WITHOUT GOING IN TO THE LONG-TERM MERITS OF SUCH SINO-U.S. ENGAGEMENT, THE RELEVANCE FOR INDIA LIES IN NOTING THE PRIORITIZATION OF THE U.S. NATIONAL INTEREST IN ALL DELIBERATIONS--BE THEY ECONOMIC OR SECURITY, BILATERAL OR MULTILATERAL--AND SHAPING POSTURES AND RESPONSES ACCORDINGLY.... THE RING MAGNET RESOLUTION WHICH SEEKS AN ACCOMMODATING WITH CHINA IS NOT ISOLATED, THE CLINTON ADMINISTRATION ALSO ANNOUNCED THAT IT WOULD NOT IMPOSE SANCTIONS AGAINST RUSSIA FOR ITS SALE OF NUCLEAR REACTORS TO IRAN....

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE05489

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"THE ENTIRE NUCLEAR NON-PROLIFERATION NARRATIVE AS APPLIED TO IRAN HAS TAKEN A U-TURN WITH WASHINGTON NOW WILLING TO ACCEPT IRAN'S NON-NUCLEAR WEAPON STATUS WITHIN THE NPT REGIME AS POSITIVE ASSURANCES OF ITS PEACEFUL NUCLEAR PURSUIT. THIS FIDELITY TO THE PERCEIVED NATIONAL INTEREST ASSUMES IMPORT AT THE

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CURRENT JUNCTURE IN THE INDIAN CONTEXT.... IT MERITS REITERATION THAT THE INDIAN NATIONAL INTERESTS, LIKE ANY OTHER, IS SACRED, CONSTANT AND INVIOABLE. POLITICAL PARTIES MAY ADOPT A MIX OF STRATAGEMS AND MEANS TO REALIZE THIS END BUT THERE SHOULD BE NO DOUBT THAT THE CORE NATIONAL INTEREST IS FIXED.... WHILE CONCEPTS SUCH AS AN EQUITABLE GLOBAL ORDER AND A COMMITMENT TO DISARMAMENT CHARACTERIZED EARLIER INDIAN DEBATES ON THE NUCLEAR/MISSILE ISSUE, THE TIME HAS COME TO PLACE THE NATIONAL INTEREST IN THE FOREFRONT ON ALL ISSUES." WILLS

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE03048

CHANNEL: n/a

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E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 50

- MARCH 19, 1996

SUBJECTS COVERED IN THIS REPORT

1. MIDDLE EAST PEACE
2. U.S. - CHINA
3. NUCLEAR ISSUES: SOUTH ASIA
4. NUCLEAR ISSUES: CTBT

PAGE ONE STORIES

-- DOMESTIC POLITICAL ISSUES IN THE RUN-UP TO THE LOK SABHA (LOWER HOUSE OF PARLIAMENT) ELECTIONS DOMINATED PAGE ONE COVERAGE IN ALL NATIONAL DAILIES. PAPERS MOSTLY RAN SPECULATIVE STORIES ON THE EMERGING PARTY AFFILIATIONS AND THE BICKERING WITHIN EACH POLITICAL PARTY.

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1. MIDDLE EAST PEACE

-- "BATTLING TERROR," EDITORIAL IN THE INDIAN EXPRESS:

"THE ANTI-TERRORISM SUMMIT IN EGYPT... OUGHT TO HAVE A SALUTARY EFFECT BEYOND THE WEST ASIAN THEATER... STAKES

IN WEST ASIA AS WELL AS INTERESTS NEARER HOME UNDERLIE THE SUMMIT'S STRONG CONDEMNATION OF ALL FORMS OF TERRORISM AND SHOULD ENSURE THAT PRACTICAL STEPS PROMISED IN THE BATTLE AGAINST ARMED GROUPS WILL INDEED BE IMPLEMENTED WITHIN A REASONABLE TIME.... TO BE TRULY EFFECTIVE, HOWEVER, THE MEASURES MUST INCLUDE CRACKING DOWN ON THE ILLEGAL ARMS TRADE IN SOPHISTICATED WEAPONS WESTERN GOVERNMENTS....

"AS REGARDS WEST ASIA, THE SUMMIT CAN BE SAID IMMEDIATELY TO HAVE IMPROVED THE ATMOSPHERE FOR ISRAELI-PALESTINIAN COOPERATION ON COMBATING MILITANCY AND TO SOME EXTENT SHORED UP SHIMON PERES DOMESTIC POSITION, BOTH OF WHICH ARE NECESSARY FOR THE EVENTUAL RESUMPTION OF PEACE TALKS. IT IS SIGNIFICANT THAT SYRIA...IS BEING HANDLED WITH KID GLOVES BY THE AMERICANS, ISRAELIS AND PALESTINIANS IN THE HOPE OF ENGAGING DAMASCUS IN THE PEACE PROCESS. NOT SO IRAN, WHICH ALL THREE ACCUSE PUBLICLY OF AIDING VIOLENT MILITANCY.... EUROPE'S OPENMINDED APPROACH TO IRAN ALSO NEGATES U.S. ATTEMPTS TO IMPOSE ECONOMIC SANCTIONS AND ISOLATE IT. IT WILL HAVE TO BE ASSUMED, THEREFORE, THAT HAMAS AND HIZBOLLAH ELEMENTS WILL CONTINUE TO HAVE THE

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MEANS, ALBEIT PERHAPS LIMITED, TO STRIKE. ISRAEL AND THE PALESTINIANS SHOULD NOT RISK EASING THEIR SECURITY MEASURES."

2. U.S. - CHINA

--"U.S. WALKING TIGHTROPE TO EASE TENSIONS WITH CHINA,"
ANALYSIS IN THE HINDU BY WASHINGTON CORRESPONDENT
SRIDHAR KRISHNASWAMI:

"THE CLINTON ADMINISTRATION IS UNDOUBTEDLY GOING THROUGH A ROUGH PHASE TRYING TO COME UP WITH A POLICY ON CHINA THAT WOULD GO BEYOND THE IMMEDIATE CRISIS IN THE STRAITS OF TAIWAN.... THE CLINTON ADMINISTRATION HAS BEEN AGGRESSIVELY PURSUING AN ECONOMICS ORIENTED FOREIGN

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DOC_NUMBER: 96NEWDE03048

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POLICY THAT SEEKS MARKETS FOR AMERICAN COMPANIES. IT IS
FOR THIS REASON...BILL CLINTON AND HIS FOREIGN POLICY
ADVISORS WERE RELUCTANT TO MOVE AGAINST CHINA ON NUCLEAR
VIOLATIONS, THE FEAR BEING THAT THE RESPONSE WOULD BE
ONE OF SLAMMING THE DOOR TO AMERICAN COMPANIES IN THE

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Date Printed: 07/17/1997

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AMEMBASSY BEIJING
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E.O. 12958: N/A
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MEGA MARKET OF \$750 BILLION. BUT IT WAS THE CRISIS IN THE STRAITS OF TAIWAN THAT SHOWED THE REALITY OF WHAT IS GOING ON. THE ECONOMICS APART, THERE HAD TO BE A MESSAGE SENT TO BEIJING WHICH WOULD ALSO REMIND THEM THAT THERE WERE COSTS IN PURSUING A CERTAIN KIND OF POLICY, NOT MERELY IN THE REALM OF THE BILATERAL BUT IN THE CONTEXT OF THE ASIA PACIFIC AS WELL....

"SEVERAL POINTERS HAVE COME ABOUT AS A RESULT OF THE CRISIS IN THE STRAITS OF TAIWAN AND IT GOES FAR BEYOND THE IMPLICATIONS TO BILATERAL RELATIONS BETWEEN CHINA AND THE UNITED STATES. THE CRISIS HAS SHOWN THE IMPERATIVE OF THE NEED FOR A POLICY THAT HAS TO BE

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RELEVANT IN THE POST-COLD WAR ERA.... CRITICS OF THE CLINTON ADMINISTRATION ASK HOW IS IT RELEVANT TO KEEP TALKING ABOUT CONSTRUCTIVE ENGAGEMENT WHEN CHINA DOES NOT SEEM TO BE KEEN ON PLAYING BY THE RULES OF THE GAME. ALTHOUGH A MEANINGFUL SHOW OF FORCE IS VALID AND A DETERRENT, THE SUCCESS OF THE OVERALL POLICY ALSO

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HINGES ON THE ABILITY OF THE UNITED STATES TO COUNSEL TAIWAN AGAINST ANY BRASH MOVES THAT WOULD UPSET NOT ONLY THE FIRMLY LAID OUT ONE CHINA POLICY BUT ALSO THE STRATEGIC CALCULATIONS IN THE REGION. JUST AS THE EMPHASIS HAS BEEN ON TELLING CHINA TO BACK OFF FROM ANY MOVE TO INVAD TAIWAN, AN EQUAL EMPHASIS OUGHT TO BE THERE IN TELLING LEADERS OF TAIWAN TO ABANDON THEIR INDEPENDENCE MOVES."

3. NUCLEAR ISSUES: SOUTH ASIA

--"WILL PAKISTAN RETURN THE RING MAGNETS," ANALYSIS IN THE HINDU BY STRATEGIC AFFAIRS EDITOR C. RAJA MOHAN:

"THE CLINTON ADMINISTRATION IS SAID TO BE PRESSING PAKISTAN TO RETURN THE 5,000 RING MAGNETS IT ACQUIRED CLANDESTINELY FROM CHINA TO BOOST ITS NUCLEAR WEAPON PROGRAM.... FROM THE AMERICAN POINT OF VIEW, SUCH A RE-TRANSFER WILL SAVE THE FACE OF ALL THREE PARTIES TO THE DISPUTE, AND FINESSE THE PROBLEM OF SINO-PAK NUCLEAR WEAPON COOPERATION AT LEAST FOR NOW. IT WOULD ALLOW THE U.S. TO AVOID MAKING THE FORMAL DETERMINATION THAT A SENSITIVE NUCLEAR TRANSFER FROM CHINA TO PAKISTAN, IN VIOLATION OF AMERICAN NON-PROLIFERATION LAW, HAS TAKEN PLACE.... THERE IS CONCERN IN WASHINGTON THAT THE NUCLEAR DISPUTES WITH CHINA AND PAKISTAN ARE THREATENING TO UNDERMINE THE DELICATE BILATERAL RELATIONS WITH THE TWO COUNTRIES....

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"THE ONGOING TAIWAN CRISIS HAS FURTHER SOURED SINO-U.S. RELATIONS THAT HAVE BEEN ON A DOWNWARD SLIDE IN RECENT MONTHS.... PRESIDENT...CLINTON'S ATTEMPT TO BIND BEIJING IN A CONSTRUCTIVE ENGAGEMENT IS WIDELY SEEN IN THE U.S. AS A FAILURE AND HIS CHINA POLICY COULD EMERGE AS AN IMPORTANT FOREIGN POLICY ISSUE IN THE PRESIDENTIAL ELECTIONS.... RECENT REVELATIONS IN WASHINGTON THAT PAKISTAN HAD BOUGHT THE RING MAGNETS...HAVE EMERGED AS AN OBSTACLE IN THE AMERICAN EFFORTS TO REBUILD POLITICAL RELATIONS WITH PAKISTAN.... THERE IS A BROAD CONSENSUS IN WASHINGTON AND ELSEWHERE THAT THE CHINESE SALE OF RING MAGNETS TO PAKISTAN IS A CLEAR VIOLATION OF BEIJING'S COMMITMENTS UNDER THE NPT.... BESIDES BEING A VIOLATION OF THE NPT, THE CHINESE RING MAGNET SALE IS A CLEAR TRANSGRESSION OF AMERICAN DOMESTIC NON- PROLIFERATION LAW....

"DESPITE THE APPARENT OVERWHELMING EVIDENCE ON THE RING MAGNET SALE GATHERED BY ITS OWN INTELLIGENCE AGENCIES, THE CLINTON ADMINISTRATION APPEARS KEEN ON AVOIDING MAKING A DETERMINATION ON THE TRANSFER AND

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Date Printed: 07/17/1997

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E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 50

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IMPOSING SANCTIONS AGAINST CHINA AND PAKISTAN. BUT TIME MAY BE RUNNING OUT FOR THE ADMINISTRATION.... THERE HAVE BEEN REPORTS THAT WASHINGTON MAY BE PREPARED TO WAIVE THE SANCTIONS IF CHINA AGREES NOT TO MAKE SUCH TRANSFERS IN THE FUTURE. AN EARLIER DISPUTE OVER CHINESE TRANSFER OF M-11 BALLISTIC MISSILES TO PAKISTAN AND THE CONSEQUENT THREAT OF AMERICAN TRADE SANCTIONS WAS FINESSED WHEN CHINA AGREED NOT TO SELL SUCH MISSILES IN THE FUTURE."

4. NUCLEAR ISSUES: CTBT

--"DETERRENCE AND THE TEST BAN TREATY," ANALYSIS IN THE PIONEER BY PETER LYNN SINAI WHO WAS THE GOVERNOR FOR INDIA IN THE IAEA BOARD FROM 1989-91:

"PRIME MINISTER...NARASIMHA RAO ASSURED THE RAJYA SABHA THAT INDIA 'WOULD NOT RELENT' IN LINKING THE CTBT

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WITH A DEFINITE TIME FRAME FOR ELIMINATION OF NUCLEAR WEAPONS.... WITH NATIONAL ELECTIONS DUE IN BETWEEN THERE IS LITTLE SCOPE FOR ALTERING INDIA'S STANCE TILL A NEW GOVERNMENT TAKES CHARGE. REJECTED BY THE WEST AND HAVING ELICITED NO SUPPORT EVEN FROM NON-ALIGNED (NAM) SYMPATHIZERS, INDIA'S INSISTENCE ON LINKAGE AT THIS LATE STAGE CASTS IT IN THE ROLE OF A SPOILER, THREATENING TO OBSTRUCT OR WITHDRAW FROM A TREATY IT CO-SPONSORED FOR

DECADES....

"APART FROM IMMEDIATE SECURITY NEEDS VIS-A-VIS PAKISTAN, RETAINING THE WEAPONS OPTION IN A STATE OF READINESS WILL BE REQUIRED OVER A CONSIDERABLE PERIOD UNTIL A NUCLEAR WEAPON-FREE WORLD CAN BE ATTAINED. DISARMAMENT-CUM-NON-PROLIFERATION PROPOSALS LIKE THE CTBT HAVE TO BE VIEWED BY INDIA IN TERMS OF THEIR EFFECT ON THE CREDIBILITY OF HER WEAPONIZING AT SHORT NOTICE.... INTERVENTIONIST DOCTRINES COUPLED WITH INDEFINITE EXTENSION OF THE DISCRIMINATORY NON PROLIFERATION TREATY WHICH VIRTUALLY LEGITIMIZED PERMANENT RETENTION OF NUCLEAR WEAPONS BY A FEW, MAKES IT ALL THE MORE NECESSARY FOR INDIA TO RETAIN THE DETERRENT CREDIBILITY OF ITS NUCLEAR CAPABILITY...A QUALIFIED CTBT COULD HELP IT DO SO.... THE STRESS LAID ON THE NEED FOR COMMITMENT TO TIMEBOUND ELIMINATION OF NUCLEAR WEAPONS SERVED TO STRENGTHEN PUBLIC AWARENESS. BUT OVER INSISTENCE ON IT AS A PRECONDITION FOR CTBT IS PROVING COUNTER-PRODUCTIVE. A QUALIFIED TEST BAN, PERMITTING WITHDRAWAL IN SUPREME NATIONAL INTEREST, AS DEMANDED BY U.S., EXCLUDING PEACEFUL NUCLEAR EXPLOSIONS, OR INTRUSIVE MONITORING, AS DESIRED BY CHINA, WOULD FAR

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BETTER SERVE INDIA'S REQUIREMENT....

"CTBT BY SEPTEMBER COULD CURB INCIPIENT EFFORTS TO CONTINUALLY REFINE EXISTING ARSENALS, PREVENT REVIVAL OF THE 'STAR WARS' PROGRAM, ENCOURAGE RATIFICATION BY RUSSIA OF START II, PROMOTE A CONVENTION ON 'NO FIRST USE' AND PROVE A SIGNIFICANT STEP TOWARDS DISARMAMENT. INDIA'S ACCESSION WILL ENABLE IT ON THE IAEA BOARD OF GOVERNORS TO INFLUENCE 'ANY SUBSTANTIVE FUNCTIONS TO BE UNDERTAKEN BY THE IAEA', IN IMPLEMENTING CTBT...INDIA MUST NOT FOREGO THE BENEFITS OF A SUITABLY QUALIFIED BAN." WILLS.

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01821

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DOC_NUMBER: 96NEWDE01821

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E.O. 12958: N/A
TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 30
FEBRUARY 14, 1996

SUBJECTS COVERED IN THIS REPORT

1. NUCLEAR ISSUES

PAGE ONE STORIES

1. KASHMIR'S ACCESSION A FACT--PM TELLS U.S.
CONGRESSMEN:

-- THE HINDU GAVE SECOND LEAD ATTENTION TO A REPORT
STATING THAT PM NARASIMHA RAO HAS EXPRESSED HIS
GOVERNMENT'S WILLINGNESS TO DISCUSS ALL OUTSTANDING
ISSUES WITH PAKISTAN BILATERALLY WITHIN THE FRAMEWORK OF
THE SIMLA AGREEMENT. HE ALSO ASSERTED THAT KASHMIR'S
ACCESSION TO INDIA WAS AN ESTABLISHED FACT. THE STORY
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SAID RAO MADE THESE OBSERVATIONS DURING A MEETING WITH A
VISITING THREE-MEMBER DELEGATION OF U.S.
CONGRESSMEN--SHERROD BROWN, JOSEPH KNOLLENBERG AND
VICTOR FRAZER. THE CONGRESSMEN REPORTEDLY ASSURED THE
PM OF THEIR UNDERSTANDING AND SUPPORT FOR INDIA'S
POSITION ON VARIOUS ISSUES AND SAID THEY WOULD CONTINUE
TO WORK TO STRENGTHEN INDO-U.S. RELATIONS.

-- LATER SPEAKING AT A LUNCHEON MEETING ORGANIZED BY THE CONFEDERATION OF INDIAN INDUSTRY, BROWN SAID THAT AMERICA'S STRONG PRO-PAK TILT IN THE COLD WAR DAYS IS "BEHIND US," AND IS BEING PROFESSED ONLY BY A HANDFUL OF SENATORS. "WHAT HAS CHANGED IS THAT THERE IS NEGLIGIBLE LEANING TOWARDS PAKISTAN. THINGS ARE BACK TO THE POINT WHERE WE UNDERSTAND EACH OTHER. THIS SPEAKS WELL FOR THE FUTURE," BROWN SAID. HOWEVER, TO FURTHER BOLSTER THE RELATIONSHIP--ESPECIALLY ECONOMIC--MORE INTERACTION BETWEEN BUSINESS LEADERS, MINIMIZATION OF BUREAUCRATIC OBSTRUCTIONS, CLARITY ON FEDERAL/STATE MATTERS, AND EDUCATION OF CONGRESS MEMBERS ABOUT THE REAL SITUATION IN INDIA WERE ESSENTIAL, KNOLLENBERG SAID.

1. NUCLEAR ISSUES

SUMMARY:

AN EDITORIAL IN THE HINDU SAID THE U.S. MUST BE REMINDED THAT WHATEVER THE RATIONALIZATION FOR ITS CURRENT EFFORTS ON CTBT, THE BASIC INEQUITY WOULD REMAIN

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AND FEW NATIONS WOULD BE GENUINELY CONVINCED THAT IT IS OUT TO PROMOTE GLOBAL PEACE RATHER THAN PRESERVE ITS STRATEGIC SUPERIORITY. FORMER INDIAN ARMY CHIEF GEN. K. SUNDARJI ARGUED AGAINST INDIA'S RESUMING NUCLEAR TESTING, OBSERVING IN THE INDIAN EXPRESS THAT INDIA DOES NOT NEED A LARGE NUMBER OF NUCLEAR WARHEADS FOR MINIMUM DETERRENCE TO BE EFFECTIVE. PUNDIT K. SUBRAHMANYAM, HOWEVER, CONCLUDED IN THE ECONOMIC TIMES THAT SINO-PAKISTAN NUCLEAR RELATIONS AND THE U.S. UNWILLINGNESS TO OBSERVE ITS OWN LAWS COMPEL INDIA NOT TO SURRENDER ITS RIGHT TO CONDUCT A TEST IF NECESSARY. SECURITY AFFAIRS ANALYST BRAHMA CHELLANEY INSISTED IN THE PIONEER THAT STRATEGICALLY, THE SINO-PAKISTAN UMBILICAL CORD WILL SNAP ONLY IF NEW DELHI CAN MEET THE DEMANDS OF ITS NON-CONVENTIONAL DEFENSE.

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01821

CHANNEL: n/a

BLOCK QUOTES:

--"A POLICY UNDER TEST," EDITORIAL IN THE HINDU:

"THE PROBLEMATIC CHARACTER OF THE AMERICAN-LED

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| | INR-00 | IO-00 | ADS-00 | NEA-01 | NSAE-00 | NSCE-00 | OIC-02 |
| | PA-00 | PM-00 | P-00 | SP-00 | STR-00 | T-00 | SNIS-00 |
| | NISC-00 | PMB-00 | PRME-01 | DRL-09 | /030W | | |

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O 161119Z FEB 96
FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4423
INFO SECSTATE WASHDC IMMEDIATE 5373
AMEMBASSY DHAKA
AMEMBASSY COLOMBO
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01821

CHANNEL: n/a

CINCPACFLT PEARL HARBOR HI
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
USMISSION GENEVA
AMEMBASSY TOKYO
USDOC WASHDC
AMEMBASSY BEIJING
AMEMBASSY MOSCOW
AMCONSUL KARACHI

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USIA FOR NEA, R/MR, I/TIC, I/R, I/GAR, I/REC, I/RW,
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STATE FOR NSC
STATE FOR AID/APRE-A
USTR FOR GODEC
USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A
TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 30
FEBRUARY 14, 1996

INTERNATIONAL NUCLEAR REGIME IS IN FOCUS AGAIN....
YEARS OF CLANDESTINE ACTIVITY, EXPOSED OFF AND ON WHEN
PAKISTANI OR PRO-PAKISTANI AGENTS WERE CAUGHT TRYING TO
SMUGGLE NUCLEAR-RELATED MATERIAL OR MACHINERY OUT OF
EUROPEAN EXIT POINTS, HAVE BEEN CAPPED BY THE LEAKED
MEDIA DISCLOSURE THAT CHINA HAD SOLD TO PAKISTAN RING
MAGNETS...THE TRANSACTION TAKING PLACE EVEN AS A
FRIENDLY AMERICAN ADMINISTRATION WAS LOBBYING FOR THE
BROWN AMENDMENT....

"WASHINGTON'S INDICATION THAT ITS AGENCIES ARE STILL
DETERMINING WHETHER THERE HAD INDEED BEEN SUCH

COLLABORATION BETWEEN CHINA AND PAKISTAN MAY BE A GENUINE APPRAISAL BUT IT IS BOUND TO BE SEEN IN INDIA AS A DIPLOMATIC DELAY THAT IGNORES REALITY. WITH BEIJING BEING FORCED TO ACKNOWLEDGE THE SALE OF THE RING MAGNETS, SINO-PAKISTANI NUCLEAR COLLABORATION WOULD SEEM TO STAND PROVED BEYOND DOUBT, AND WASHINGTON'S

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PROCLAIMED POLICY WOULD COME UNDER PRESSURE....

"WASHINGTON'S SILENCE ALSO COMES OUT IN CONTRAST TO THE STRIDENCY AND SHRILL TONE ADOPTED BY AMERICAN OFFICIALS AT THE ONGOING DISCUSSIONS IN GENEVA OVER A...TEST BAN...TREATY.... WITH DOLLAR DRIVEN POLICIES, NUCLEAR NON-PROLIFERATION AND NUCLEAR DISARMAMENT, EVEN IN THE DISTANT FUTURE, ARE DISPENSABLE OBJECTIVES SUBJECT TO THE STRATEGIC AND GEOPOLITICAL INTERESTS OF THOSE IN THE BIG LEAGUE OF THE NUCLEAR CLUB. ONE SET OF STANDARDS FOR CLUB MEMBERS AND ANOTHER FOR NON-NUCLEAR COUNTRIES LIKE IRAN AND IRAQ AND INDEPENDENT NATIONS LIKE INDIA. SUCH SELECTIVE IMPLEMENTATION OF THE CONTROL REGIMES MUST REINFORCE THE DETERMINATION OF THIS COUNTRY TO FOLLOW ITS POLICY OF NUCLEAR RESTRAINT WHILE KEEPING THE NUCLEAR OPTION AND CONTINUING TO WORK FOR GLOBAL DISARMAMENT. MEANWHILE, THE U.S. MUST BE REMINDED THAT WHATEVER THE RATIONALIZATION FOR ITS CURRENT EFFORTS ON CTBT AND A BROADER NUCLEAR REGIME, THE BASIC INEQUITY IN INTERNATIONAL RELATIONS WOULD REMAIN AND FEW NATIONS WOULD BE GENUINELY CONVINCED THAT IT IS OUT TO PROMOTE GLOBAL PEACE RATHER THAN PRESERVE ITS STRATEGIC SUPERIORITY."

--"ABILITY TO STRIKE BACK," EDIT-PAGE ANALYSIS IN INDIAN EXPRESS BY FORMER INDIAN ARMY CHIEF GEN. K. SUNDARJI:

"BY NOT SIGNING THE NPT, INDIA HAS THEORETICALLY KEPT THE NUCLEAR OPTION OPEN. IN MY VIEW, IF AN OPEN NUCLEAR OPTION IS TO BE AN EFFECTIVE DETERRENT, WE MUST HAVE THE CAPABILITY TO COMPLETE THE WEAPONIZATION PROCESS, DEPLOY AND DELIVER A RETALIATORY NUCLEAR STRIKE

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AGAINST THE ADVERSARY WHO FIRST MADE A NUCLEAR STRIKE
AGAINST US, WITHIN 24 HOURS OR SO....

"FOR MINIMUM DETERRENCE TO BE EFFECTIVE, WE HAVE TO ENSURE THAT WE CAN, IN A SECOND STRIKE, CAUSE UNACCEPTABLE DAMAGE TO OUR ADVERSARY. I HAVE ARGUED ELSEWHERE, THAT MORE IS NOT BETTER IF LESS IS ENOUGH FOR NUCLEAR DETERRENCE, UNLIKE IN WAR-FIGHTING WHERE MORE IS ALWAYS BETTER. THUS, THE NUMBER OF WARHEADS THAT WE NEED IS NOT OPEN-ENDED. WE NEED TO DECIDE WHAT THE CHINESE AND PAKISTANIS WOULD CONSIDER UNACCEPTABLE DAMAGE....

DEVELOPED FOR DELIVERING SOPHISTICATED ADVANCED CONVENTIONAL MUNITIONS, CAN, IN THE CASE OF NEED, BE MODIFIED TO CARRY A NUCLEAR WARHEAD.... HOWEVER, IN THE CASE OF CHINA, FIGHTER BOMBER AIRCRAFT AND PRITHVIS CAN ONLY REACH PARTS OF TIBET AND ENGAGE TACTICAL TARGETS.... THEREFORE, TO HAVE A SECOND STRIKE CAPABILITY AGAINST CHINA, THE AGNI MUST BE AVAILABLE IN SUFFICIENT NUMBERS FOR DEPLOYMENT AT SHORT NOTICE, BUT NEED NOT BE DEPLOYED UNTIL WE HAVE RECEIVED A FIRST

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DOC_NUMBER: 96NEWDE01821

CHANNEL: n/a

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| INFO | LOG-00 | ACDA-10 | ACDE-00 | AID-00 | AMAD-01 | CIAE-00 | INL-01 |
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O 161119Z FEB 96
FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4424
INFO SECSTATE WASHDC IMMEDIATE 5374
AMEMBASSY DHAKA
AMEMBASSY COLOMBO
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
CINCPACFLT PEARL HARBOR HI
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
USMISSION GENEVA
AMEMBASSY TOKYO
USDOC WASHDC
AMEMBASSY BEIJING
AMEMBASSY MOSCOW
AMCONSUL KARACHI

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USIA FOR NEA, R/MR, I/TIC, I/R, I/GAR, I/REC, I/RW,
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DOC_NUMBER: 96NEWDE01821

CHANNEL: n/a

STATE FOR SA/INS, PM/CBM, PM/PRO T AND ACDA
STATE FOR NSC
STATE FOR AID/APRE-A
USTR FOR GODEC
USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A
TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 30
FEBRUARY 14, 1996

STRIKE, AS I HAVE ALREADY DISCUSSED. THE INDIAN GOVERNMENT SHOULD THEREFORE PRESS FORWARD THE DEVELOPMENT OF THE AGNI WITH ALL SPEED....

"THE PRITHVI ALSO HAS ADVANCED CONVENTIONAL MUNITIONS THAT ARE EFFECTIVE AGAINST TACTICAL TARGETS IN DEPTH.... WE HAVE MADE THE DECISION ON OUR WEAPON MIX DECADES AGO AND HAVE SPENT THE MONEY, TIME AND DESIGN TALENT AND HAVE SUCCESSFULLY PRODUCED THE WEAPON. WHEN WE ARE ABOUT TO DEPLOY THE WEAPON, FOR THE U.S. TO ADVISE US NOT TO DO SO IS THE HEIGHT OF ARROGANCE AND WE SHOULD TREAT IT WITH THE CONTEMPT THAT IT DESERVES....

"A HIGH DEGREE OF AVAILABILITY AND RELIABILITY WOULD BE REQUIRED IF NUCLEAR WEAPONS WERE TO BE USED FOR CLOSE SUPPORT IN WAR-FIGHTING. BUT FOR MINIMUM NUCLEAR DETERRENCE, THAT RELIES ON A SECOND STRIKE AGAINST CITY TARGETS, ONE CAN ACCEPT A VERY LOW

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AVAILABILITY-CUM-RELIABILITY QUOTIENT, SAY EVEN OF 33.3 PER CENT. IF AN INDIAN SECOND STRIKE CAN ONLY ATTACK TWO CITIES INSTEAD OF THE PLANNED FIVE IN PAKISTAN, AND FOUR OUT OF THE TEN IN CHINA, AND ONLY ONE OF THE THREE WAR HEADS ACTUALLY DETONATES ON EACH OF THESE CITIES, I WOULD STILL SUGGEST THAT THE DAMAGE IS HORRENDOUS ENOUGH TO DETER. THIS IS ANOTHER REASON WHY I BELIEVE THAT WE NEED NOT RESUME TESTING."

--"CHINESE RING MAGNETS IN PAK," "GLOBAL WATCH" COLUMN
IN THE ECONOMIC TIMES BY PUNDIT K. SUBRAHMANYAM:

"THE U.S. GOVERNMENT JUSTIFIES ITS DOMINEERING
INTERFERENCE IN THE INDIAN NUCLEAR POLICY ON THE GROUND
THAT THE LAWS OF THE UNITED STATES REQUIRE IT TO DO SO.
THE SAME LAWS WOULD NECESSITATE THE U.S. ADMINISTRATION
TO MAKE A DETERMINATION WHETHER CHINA PASSED ON RING
MAGNETS TO PAKISTAN AND TO IMPOSE SANCTIONS ON BOTH
CHINA AND PAKISTAN IF AN AFFIRMATIVE CONCLUSION IS
REACHED.....

"THE U.S. OFFICIAL SPOKESPERSON DOES NOT
CATEGORICALLY DENY THE TRANSACTION BUT OBFUSCATES THE
ISSUE WITH THE STATEMENT THAT THE DETERMINATION IS YET
TO BE MADE...THE U.S. ADMINISTRATION IS FUDGING THE
ISSUE IN ORDER TO EVADE THE LEGAL CONSEQUENCES OF
ACKNOWLEDGING THE TRANSFER.... IT HAS ALL THE
APPEARANCE OF A STRUGGLE WITHIN THE ADMINISTRATION AND
THE INTELLIGENCE COMMUNITY BETWEEN THOSE WHO DO NOT WANT
TO JEOPARDIZE THE U.S. COMMERCIAL INTERESTS VIS-A-VIS
CHINA AND OTHERS WHO FEEL STRONGLY ABOUT ENFORCING THE
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U.S. NONPROLIFERATION LAWS....

"TRANSPARENCY IS NO A STRONG POINT OF U.S.
ADMINISTRATIONS WHEN IT INVOLVES ARMS TRANSFER
ISSUES.... CHINA HAS BEEN A CONSISTENT TECHNOLOGY
SUPPLIER TO PAKISTAN..... THE CHINESE CANNOT HAVE AN
INTERNATIONAL CLOUT UNLESS THEY CONTINUE WITH THEIR
SUPPLIES OF NUCLEAR AND MISSILE TECHNOLOGIES, ARMS
SUPPLIES AND THREAT OF USE OF VETO AGAINST U.S.
PROPOSALS IN THE SECURITY COUNCIL. CHINA ALSO HAS AN
INTEREST IN ERODING THE CREDIBILITY OF THE U.S. IN
ASIA.... TODAY BOEING IS A POWERFUL LOBBYIST IN
WASHINGTON AGAINST SANCTIONS BEING INVOKED AGAINST
CHINA. A NUMBER OF OTHER HIGH TECHNOLOGY FIRMS IN THE
U.S. ARE ALSO LIKELY TO CAMPAIGN HARD FOR THE SAME
PURPOSE.... THIS IS AN ELECTION YEAR AND THEREFORE THE

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CHANNEL: n/a

PRESSURE ON THE PRESIDENT NOT TO INVOKE SANCTIONS WHICH
WOULD LEAD TO JOB LOSSES IN THE U.S. ARE LIKELY TO BE
HIGH....

"THE OBLIGATIONS OF NUCLEAR WEAPON POWERS UNDER THE

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O 161119Z FEB 96
FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4425
INFO SECSTATE WASHDC IMMEDIATE 5375
AMEMBASSY DHAKA
AMEMBASSY COLOMBO
FBIS BANGKOK TH
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Date Printed: 07/17/1997

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POSSIBLE REARMING OF INSURGENTS. NEW DELHI THUS HAS AN
IMPORTANT STAKE IN BUILDING STABLE TIES WITH
BEIJING.... STRATEGICALLY, THE SINO-PAKISTANI UMBILICAL
CORD WILL SNAP ONLY IF NEW DELHI CAN MEET THE DEMANDS OF
ITS NON-CONVENTIONAL DEFENSE, OTHERWISE THE CHINESE
STRATEGY OF TYING INDIA DOWN ON THE SUBCONTINENT WILL
GAIN DEEPER ROOTS."

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| | INR-00 | IO-00 | ADS-00 | NEA-01 | NSAE-00 | NSCE-00 | OIC-02 |
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| | NISC-00 | PMB-00 | PRME-01 | DRL-09 | /030W | | |

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FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4389
INFO SECSTATE WASHDC IMMEDIATE 5240
AMEMBASSY MOSCOW
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
AMEMBASSY KATHMANDU
AMEMBASSY DHAKA
CINCPACFLT PEARL HARBOR HI
AMEMBASSY COLOMBO
USDOC WASHDC
AMCONSUL KARACHI
AMEMBASSY BEIJING
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY ISLAMABAD

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CASE #
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DOC_NUMBER: 96NEWDE01603

CHANNEL: n/a

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STATE FOR NSC
STATE FOR AID/APRE-A
USTR FOR GODEC
USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 28

- FEBRUARY 10-12, 1996

SUBJECTS COVERED IN THIS REPORT

1. NUCLEAR ISSUES:CHINA/PAKISTAN
2. RUSSIA
3. MIDDLE EAST PEACE

PAGE ONE STORIES

1. U.S. PAKISTAN STICK TO STANDS ON NUCLEAR DEAL WITH CHINA:

-- THE TIMES OF INDIA GAVE PROMINENT LEAD ATTENTION ON FEBRUARY 11 TO WASHINGTON CORRESPONDENT RAMESH CHANDRAN'S STORY STATING THAT THE U.S. AND PAKISTAN HAVE STUCK TO THEIR CONTRADICTORY POSITIONS OVER ISLAMABAD'S REPORTED ACQUISITION OF THE CHINESE NUCLEAR WEAPONS TECHNOLOGY. THE REPORT SAID WHILE PAKISTAN'S VISITING

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FOREIGN MINISTER SARDAR ASSEF AHMAD ALI FLATLY DENIED THAT ANY CHINESE TRANSFER OF NUCLEAR TECHNOLOGY TO ISLAMABAD HAD TAKEN PLACE, STATE DEPARTMENT ACTING SPOKESMAN GLYN DAVIES STATED THAT HE COULD NOT COMMENT SPECIFICALLY ON THE ISSUE BUT ADDED, "I COULD TELL YOU THAT WE ARE CONCERNED ABOUT REPORTS OF TRANSFERS FROM CHINA TO PAKISTAN AND THAT WE HAVE A BODY OF DETERMINATION ABOUT HOW TO PROCEED ON THAT." DAVIES

SAID THAT UNDER U.S. LAW, SANCTIONS WERE REQUIRED ON SOME ISSUES AGAINST BOTH THE SUPPLIER AND RECIPIENT, AND ON OTHERS ON THE SUPPLIER, BUT HE EMPHASIZED THAT THE U.S. HAD COME TO NO CONCLUSIONS ON WHETHER A VIOLATION OF THE LAW (BY EITHER CHINA OR PAKISTAN OR BY BOTH) HAD TAKEN PLACE. HE ALSO SAID THE LAW PROVIDED FOR WAIVERS.

-- THE HINDU FRONT-PAGED A PTI WIRE SERVICE REPORT FROM WASHINGTON ON SATURDAY STATING THAT THE CLINTON ADMINISTRATION HAS SAID THAT IT HAS NO PROOF SO FAR THAT CHINA SECRETLY SOLD NUCLEAR WEAPONS TECHNOLOGY TO PAKISTAN. THE REPORT QUOTED WHITE HOUSE SPOKESMAN MIKE MCCURRY STATING THAT THERE HAD BEEN NO DECISION ALSO ON THE ACTION TO BE TAKEN AGAINST PAKISTAN AND CHINA IF SUCH A TRANSFER HAD TAKEN PLACE.

2. GOI CONSIDERING KASHMIR MILITANTS' OFFER ON TALKS:

-- THE TIMES OF INDIA AND THE HINDU PROMINENTLY FRONT-PAGED REPORTS ON FEBRUARY 10 STATING THAT THE GOI REACTED POSITIVELY, BUT WITH CAUTION ON THE OFFER OF UNCONDITIONAL TALKS BY FOUR MILITANTS FROM JAMMU AND KASHMIR EVEN AS DIFFERENT MILITANT ORGANIZATIONS HAVE

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EXPRESSED DIVERGENT VIEWS ON THE ISSUE. UNION HOME SECRETARY K. PADMANABHAIAH, WHO IS ALSO SECRETARY OF THE DEPARTMENT OF JAMMU AND KASHMIR AFFAIRS, WAS QUOTED IN THE HINDU AS SAYING THAT "WE WELCOME THE OFFER. BOTH THE PRIME MINISTER AND THE MINISTER OF STATE, BHUVNESH CHATURVEDI HAVE STATED THAT THE GOVERNMENT WAS OPEN TO TALKS WITH ANYONE. HERE ARE THESE PEOPLE SAYING THAT THE GUN HAS NOT WORKED AND THAT THEY WOULD LIKE TO TALK. WE WILL CERTAINLY PICK IT UP AND EXPLORE THE OFFER." REPORTS FROM SRINAGAR NOTED THAT IT IS THE FIRST TIME SOMEONE FROM ACROSS THE MILITANT DIVIDE HAS OFFERED TO ENTER INTO A DIALOGUE WITH THE GOI. THE LEAST THE FOUR MILITANTS' OFFER REPRESENTS IS CRACKS WITHIN THE RANKS OF THE ALL PARTY HURRIYAT CONFERENCE (A POLITICAL UMBRELLA OF THE SEPARATISTS IN KASHMIR), THE HINDU REPORT SAID. "THIS IS THE FIRST TIME THAT A GROUP

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OF 'COMMANDERS' HAS PRICKED THE HURRIYAT'S BUBBLE OF RESPECTABILITY, A BUBBLE WHICH HAS BEEN ASSIDUOUSLY INFLATED BY PAKISTAN, A SECTION OF THE AMERICAN FOREIGN POLICY ESTABLISHMENT, HEADED BY MS. ROBIN RAPHEL, AND BY SOME OF THE ISLAMIC COUNTRIES," THE REPORT ADDED.

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| | INR-00 | IO-00 | ADS-00 | NEA-01 | NSAE-00 | NSCE-00 | OIC-02 |
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| | NISC-00 | PMB-00 | PRME-01 | DRL-09 | /030W | | |

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FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4390
INFO SECSTATE WASHDC IMMEDIATE 5241
AMEMBASSY MOSCOW
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
AMEMBASSY KATHMANDU

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01603

CHANNEL: n/a

AMEMBASSY DHAKA
CINCPACFLT PEARL HARBOR HI
AMEMBASSY COLOMBO
USDOC WASHDC
AMCONSUL KARACHI
AMEMBASSY BEIJING
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY ISLAMABAD

UNCLAS SECTION 02 OF 05 NEW DELHI 001603

USIA FOR NEA, R/MR, I/TIC, I/R, I/GAR, I/REC, I/RW,
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STATE FOR SA/INS, PM/CBM, PM/PRO T AND ACDA
STATE FOR NSC
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USTR FOR GODEC
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USIS FOR BILL MURPHY

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TAGS: IN, PREL, PGOV
SUBJECT: INDIAN MEDIA REACTION REPORT NO. 28
- FEBRUARY 10-12, 1996

-- MEANWHILE, INCARCERATED MILITANT LEADER AND FOUNDER
OF THE HARDLINE PRO-PAKISTAN HIZBUL MUJIHADEEN MASTER
AHSAN DAR HAS WELCOMED THE TALKS OFFER EXTENDED BY THE
FOUR MILITANTS.

1. NUCLEAR ISSUES: CHINA/PAKISTAN

SUMMARY:

INSISTING THAT THE U.S. WAS ALWAYS AWARE OF THE

CHINESE TRANSFER OF NUCLEAR TECHNOLOGY TO PAKISTAN AND THE LATTER'S WEAPONS DEVELOPMENT PROGRAM, PUNDIT K. SUBRAHMANYAM NOTED IN THE ECONOMIC TIMES THAT THE U.S. ADMINISTRATION HAS A "YAWNING CREDIBILITY GAP WHEN IT STARTS PREACHING ABOUT NON- PROLIFERATION." THE HINDU'S DEPUTY EDITOR K.K. KATYAL ARGUED THAT THE DOCTRINE UNDER

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WHICH THE REQUIREMENTS OF THE AMERICAN LAWS AND ITS WELL-PUBLISHED CONCERNS CAN BE SACRIFICED ON THE ALTAR OF NATIONAL INTEREST "IS CERTAIN TO DENT U.S. CREDIBILITY IN THE EYES OF INDIANS, AS INDEED, OF OTHER PEOPLES." WASHINGTON CORRESPONDENT RAMESH CHANDRAN NOTED IN THE TIMES OF INDIA THAT THE "SOFT OPTION" AGAINST CHINA, PREFERRED BY SECRETARY OF STATE WARREN CHRISTOPHER, COMMERCE SECRETARY RON BROWN AND OTHER INFLUENTIAL MEMBERS OF THE ADMINISTRATION, IS IN SHARP CONTRAST TO THOSE MEMBERS IN THE U.S. CONGRESS SEEKING TOUGH PUNITIVE ACTION.

BLOCK QUOTES:

--"NUCLEAR DOUBLE-TALK," 'GLOBAL WATCH' COLUMN IN FEBRUARY 10 THE ECONOMIC TIMES:

"THE U.S. ADMINISTRATION POSED AS A GREAT CRUSADER FOR NONPROLIFERATION WHEN ACTUALLY IT WAS LOOKING AWAY FROM PAKISTANI WEAPONS DEVELOPMENT PROGRAM. THE U.S. WAS AWARE OF THE CHINESE TRANSFER OF TECHNOLOGY TO PAKISTAN.... WHEN THE AMERICAN OFFICIALS CITE THEIR LEGISLATION TO TALK ABOUT THE U.S. COMMITMENT TO NONPROLIFERATION THEY KNOW WELL THAT THROUGHOUT THE EIGHTIES THAT COMMITMENT WAS ABSENT IN RESPECT TO PAKISTAN. IT HAS BEEN PERMISSIVE IN RESPECT TO ISRAEL AND PAKISTAN. SO, THE U.S. ADMINISTRATION HAS A YAWNING CREDIBILITY GAP WHEN IT STARTS PREACHING ABOUT NONPROLIFERATION....

"THE CREDIBILITY PROBLEM HAS BEEN FURTHER

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EXACERBATED BY THE OBFUSCATION OF THE U.S.
ADMINISTRATION ON THE CHINESE SUPPLY OF M-11 MISSILES TO
PAKISTAN AND ITS RETRACTION ON THE PRESSLER AMENDMENT
WITH THE 'ONE-TIME WAIVER.' IF IT IS PREPARED TO
MISLEAD ITS OWN LEGISLATURE ON THE PAKISTAN
PROLIFERATION ISSUE NO INDIAN GOVERNMENT CAN ACCEPT AT
FACE VALUE ANY STATEMENT OF U.S. OFFICIALS ON THE
SUBJECT.....

"THE PAKISTANIS ALSO SHARE THE INDIAN VIEW THAT THE
U.S. IS INCONSISTENT IN ITS POLICIES TOWARDS THE
SUBCONTINENT. IT IS TIME THE U.S. ADMINISTRATION,
CONGRESS,

MEDIA AND ACADEMIA UNDERSTOOD THAT U.S. HAS NO
CREDIBILITY EITHER WITH PAKISTAN OR INDIA ON THE NUCLEAR
ISSUE."

"LIFTING OF CHINA SANCTIONS," 'GLOBAL WATCH' COLUMN IN
FEBRUARY 11 THE ECONOMIC TIMES:

"THE U.S. PRESIDENT HAS LIFTED THE SANCTIONS IMPOSED
AGAINST CHINA IN 1989 IN THE WAKE OF THE TIEN AN MEN

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DOC_NUMBER: 96NEWDE01603

CHANNEL: n/a

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| | OASY-00 | DODE-00 | EAP-01 | EB-01 | EUR-01 | INLB-01 | TEDE-00 |
| | INR-00 | IO-00 | ADS-00 | NEA-01 | NSAE-00 | NSCE-00 | OIC-02 |
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FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4391
INFO SECSTATE WASHDC IMMEDIATE 5242
AMEMBASSY MOSCOW
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
AMEMBASSY KATHMANDU
AMEMBASSY DHAKA
CINCPACFLT PEARL HARBOR HI
AMEMBASSY COLOMBO
USDOC WASHDC
AMCONSUL KARACHI
AMEMBASSY BEIJING
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY ISLAMABAD

UNCLAS SECTION 03 OF 05 NEW DELHI 001603

USIA FOR NEA, R/MR, I/TIC, I/R, I/GAR, I/REC, I/RW,
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CHANNEL: n/a

STATE FOR SA/INS, PM/CBM, PM/PRO T AND ACDA
STATE FOR NSC
STATE FOR AID/APRE-A
USTR FOR GODEC
USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 28

- FEBRUARY 10-12, 1996

SQUARE INCIDENT IN RESPECT OF SALE OF TELECOMMUNICATION SATELLITES. THE LIFTING OF SANCTIONS IS JUSTIFIED IN U.S. NATIONAL INTEREST, WHICH IN THIS CASE MEANS COMMERCIAL PROFIT.... BUT WHEN IT CAME TO SALE OF RUSSIAN CRYOGENIC ROCKET ENGINES TO INDIA, THE U.S. WAS NOT PERSUADED THAT CRYOGENIC ENGINES ARE NEVER USED FOR MILITARY PURPOSES.... THIS PRESIDENTIAL ACTION OF LIFTING SANCTIONS COMES AT A TIME WHEN THERE ARE REPORTS OF CHINA SUPPLYING PAKISTAN WITH 5000 RING MAGNETS FOR ITS URANIUM ENRICHMENT CENTRIFUGES. THE U.S. ADMINISTRATION IS NEITHER CONFIRMING NOR DENYING THE REPORT.... THE U.S. WOULD HAVE DENIED THE REPORT IF IT WERE NOT TRUE.... THIS KIND OF OBFUSCATION STRATEGY HAD EARLIER BEEN RESORTED TO ON THE CHINESE SUPPLY OF M-11 MISSILES TO PAKISTAN.... IT IS...NOT SURPRISING THAT CHINA HAS ADOPTED A DEFIANT STAND ON U.S. COMPLAINTS."

--"U.S. ARGUMENT ON WAIVER KNOCKED DOWN," ANALYSIS IN FEBRUARY 10 THE HINDU BY DEPUTY EDITOR, K.K. KATYAL:

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"THE SECRET IMPORT OF NUCLEAR WEAPON TECHNOLOGY BY PAKISTAN FROM CHINA IS SEEN HERE AS HAVING SHATTERED THE U.S. ASSUMPTION ON WHICH ITS DECISION TO RELEASE THE BLOCKED ARMS SUPPLIES TO ISLAMABAD WAS BASED. JUST WHEN THE STATE DEPARTMENT WAS DEFENDING LAST YEAR THE MOVE FOR ARMS TRANSFER ON THE GROUND THAT THIS WOULD STRENGTHEN AMERICA'S LEVERAGE IN RELATION TO PAKISTAN,

Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01603

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ENABLING WASHINGTON TO CONTAIN ISLAMABAD'S NUCLEAR AMBITION, IT WAS BUSY IMPORTING FROM CHINA 5,000 RING MAGNETS.... WASHINGTON HAS TO DEAL WITH THE NEW REALITY--AND TO DECIDE WHETHER TO GO AHEAD WITH THE SUPPLIES NOW THAT THE BASE OF ITS ARGUMENT HAD BEEN KNOCKED OFF....

"THE U.S. FACES ANOTHER QUANDARY--WHETHER OR NOT TO IMPOSE SANCTIONS AGAINST CHINA.... BY PENALIZING CHINA, THE U.S. WOULD BE RISKING TRADE OF THE ORDER OF MILLIONS OF DOLLARS.... GOING BY THE RESPONSE OF THE STATE DEPARTMENT SPOKESMAN IN THE LAST THREE DAYS ON THE SUBJECT, THE U.S. FINDS IT HARD TO DENY THE REPORTS OF THE CHINA-PAKISTAN DEAL. BUT EQUALLY CLEAR IS THE AMBIVALENCE ON CONSEQUENTIAL STEPS.... THE DOCTRINE UNDER WHICH THE REQUIREMENTS OF THE AMERICAN LAWS AND ITS WELL-PUBLICIZED CONCERNS COULD BE SACRIFICED ON THE ALTAR OF NATIONAL INTEREST IS CERTAIN TO DENT U.S. CREDIBILITY IN THE EYES OF INDIANS, AS INDEED, OF OTHERS PEOPLES. WHAT IS THE SANCTITY OF THE LAW, IF ITS BREACH IS TO BE IGNORED (EVEN REWARDED) EITHER IN THE NAME OF A ONE-TIME EXCEPTION OR NATIONAL INTEREST?--WILL BE THE MAIN QUESTION."

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--"RING MAGNETS, LEAKS AND DISGRUNTLED VISITORS,"
ANALYSIS IN FEBRUARY 11 THE TIMES OF INDIA BY WASHINGTON
CORRESPONDENT RAMESH CHANDRAN:

"BEIJING WAS QUIETLY TRANSFERRING THE RING MAGNETS TO ISLAMABAD EVEN AS THE BROWN AMENDMENT WAS BEING DEBATED IN THE U.S. CONGRESS.... BEIJING ALSO SOLD TO IRAN THE C-902 ADVANCED ANTI-SHIP CRUISE MISSILES WHICH TEHRAN HAD SUCCESSFULLY TEST- FIRED.... AMERICAN CORPORATIONS, WITH MUCH AT STAKE IN INVESTMENTS IN CHINA, LED A WELL-ORGANIZED AND SPIRITED LOBBYING EFFORT WITH THE ADMINISTRATION TO CONSIDER A WAIVER....

"WATCHING THE ADMINISTRATION'S DITHERING, QUESTIONS WERE BEING RIGHTLY POSED ABOUT ITS LONG RANGE 'CHINA POLICY'. IT HAD ALREADY BEEN ESTABLISHED THAT THE

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DOC_NUMBER: 96NEWDE01603

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CLINTON ADMINISTRATION HAD GRANTED GREATER EMPHASIS ON
TRADE OVER HUMAN RIGHTS IN ITS DEALINGS WITH BEIJING.
WITH THE LATEST CONTROVERSY, IT NOW APPEARED THAT
WASHINGTON WAS PUTTING TRADE MATTERS OVER NON-
PROLIFERATION ISSUES AS WELL.... THE SECRETARY OF STATE

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FM AMEMBASSY NEW DELHI
TO USIA WASHDC IMMEDIATE 4392
INFO SECSTATE WASHDC IMMEDIATE 5243
AMEMBASSY MOSCOW
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
AMEMBASSY KATHMANDU

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01603

CHANNEL: n/a

AMEMBASSY DHAKA
CINCPACFLT PEARL HARBOR HI
AMEMBASSY COLOMBO
USDOC WASHDC
AMCONSUL KARACHI
AMEMBASSY BEIJING
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY ISLAMABAD

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USIA FOR NEA, R/MR, I/TIC, I/R, I/GAR, I/REC, I/RW,
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STATE FOR AID/APRE-A
USTR FOR GODEC
USDOC FOR 4530/IEP/ANESA/OSA
USIS FOR BILL MURPHY

E.O. 12958: N/A
TAGS: IN, PREL, PGOV
SUBJECT: INDIAN MEDIA REACTION REPORT NO. 28
- FEBRUARY 10-12, 1996

WARREN CHRISTOPHER REPORTEDLY PREFERS THE SOFTER OPTION;
SO DOES COMMERCE SECRETARY RON BROWN AND PRESUMABLY
OTHER INFLUENTIAL MEMBERS OF THE ADMINISTRATION. THIS
IS IN SHARP CONTRAST TO THOSE MEMBERS IN THE U.S.
CONGRESS SEEKING TOUGH PUNITIVE ACTION."

2. RUSSIA

--"STRATEGIC RETREAT," EDITORIAL IN FEBRUARY 10; THE
HINDUSTAN TIMES:

"IF PRESIDENT...YELTSIN SEEMS INCLINED TOWARDS A TRUCE IN CHECHNYA IT MAY NOT BE DUE TO HIS CONVICTION THAT HE CANNOT MILITARILY CONTROL THE REBELLIOUS REGION. THE CURRENT STANCE...WOULD APPEAR LIKELY TO HAVE BEEN TUNED FOR THE PRESIDENTIAL POLL IN JUNE....

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"DESPITE THE RESCUE OPERATIONS THAT...YELTSIN IS ENGAGED IN, HIS POLL PROSPECTS DO NOT SEEM TO HAVE BRIGHTENED. EVEN HIS PRO- REFORM SUPPORTERS NOW VIEW HIM AS A DEFROCKED DEMOCRAT BECAUSE OF HIS OVERTURES TO PRO-WEST REFORMISTS WITHOUT SUCCEEDING IN CREATING CONFIDENCE AMONG THE COMMUNISTS AND NATIONALISTS. HIS PROBLEMS HAVE BEEN COMPOUNDED BY THE FACT THAT HIS POLITICAL OPPONENTS ARE CRITICAL OF HIS CHECHNYA POLICY, WHICH THE WEST HAS PICKED UP AS A HUMAN RIGHTS ISSUE TO CREATE GROUNDS FOR A POSSIBLE NATO ROLE IN FUTURE. ...YELTSIN HAS REALIZED THAT THE NATO'S EXPANSION TOWARDS THE EAST WILL ISOLATE HIM IN EUROPE, AND THE WEST'S SUPPORT FOR CHECHNYA WILL RANGE RUSSIA AGAINST THE ISLAMIC WORLD.... CHECHNYA LOOKS LIKE THE LAST ISSUE ON WHICH HE IS GAMBLING FOR A PRESIDENTIAL POLL SUCCESS."

3. MIDDLE EAST PEACE

SUMMARY:

AN EDITORIAL IN THE TIMES OF INDIA DESCRIBED THE ISRAELI PRESSURE ON THE PLO TO DELETE CLAUSES ON JIHAD AGAINST ISRAEL FROM ITS CHARTER AS A "PATENTLY UNREASONABLE DEMAND.". AN INDIAN EXPRESS EDITORIAL CONCLUDED THAT REMOVING ISRAELI APPREHENSIONS ON THIS COUNT IS VITAL FOR PRIME MINISTER SHIMON PERES, WHO IS COUNTING ON THE PEACE PROCESS TO SHORE UP HIS LABOR PARTY'S PROSPECTS IN THE COMING GENERAL ELECTIONS.

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BLOCK QUOTES:

--"UNFAIR PRESSURE," EDITORIAL IN FEBRUARY 10, THE TIMES OF INDIA:

"SHOULD THE PLO GIVE IN TO ISRAELI PRESSURE AND DELETE CLAUSES CALLING FOR THE DESTRUCTION OF ISRAEL FROM ITS CHARTER? EVEN THOUGH...YASSER ARAFAT, HAS MADE IT CLEAR THAT THOSE REFERENCES HAVE BEEN SUPERSEDED BY THE REALITIES OF THE PEACE PROCESS, ISRAEL'S...SHIMON PERES, CONTINUES TO INSIST ON THE CHARTER'S AMENDMENT. THIS IS A PATENTLY UNREASONABLE DEMAND. DESPITE MORE THAN THREE YEARS OF TALKS, IT IS THE PALESTINIANS WHO HAVE MADE ALL THE KEY COMPROMISES. NOW, THE PLO IS BEING ASKED TO PUT IN LEGAL TERMS WHAT IT HAS ALREADY DONE--NAMELY RECOGNIZE THE SOVEREIGNTY OF ISRAEL--EVEN AS ISRAEL REFUSES TO ACCEPT THE RIGHT OF THE PALESTINIANS TO AN INDEPENDENT NATION- STATE. PERES HAS NOT EVEN AGREED TO END THE CONSTRUCTION OF NEW SETTLEMENTS IN THE OCCUPIED TERRITORIES, LET ALONE MAKE

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Date Printed: 07/17/1997

DOC_NUMBER: 96NEWDE01603

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TO USIA WASHDC IMMEDIATE 4393
INFO SECSTATE WASHDC IMMEDIATE 5244
AMEMBASSY MOSCOW
FBIS BANGKOK TH
USCINCPAC HONOLULU HI//USIA//
AMEMBASSY KATHMANDU
AMEMBASSY DHAKA
CINCPACFLT PEARL HARBOR HI
AMEMBASSY COLOMBO
USDOC WASHDC
AMCONSUL KARACHI
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AMEMBASSY ISLAMABAD

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STATE FOR SA/INS, PM/CBM, PM/PRO T AND ACDA
STATE FOR NSC
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USIS FOR BILL MURPHY

E.O. 12958: N/A

TAGS: IN, PREL, PGOV

SUBJECT: INDIAN MEDIA REACTION REPORT NO. 28

- FEBRUARY 10-12, 1996.

A PLEDGE TO DISMANTLE THE EXISTING ONES....

"AMENDING THE PLO'S CHARTER IN THE MANNER SUGGESTED BY ISRAEL WILL BE WIDELY INTERPRETED AS AN UNWARRANTED ACT OF CAPITULATION.... IN ANNOUNCING THAT THE NEW CHARTER WILL 'BE BASED ON THE CREATION OF AN INDEPENDENT PALESTINIAN STATE WITH JERUSALEM AS ITS CAPITAL, AN ISRAELI WITHDRAWAL FROM ALL OF THE WEST BANK AND GAZA AND THE DISMANTLING OF SETTLEMENTS'...ARAFAT HAS RE-EMPHASIZED THAT THE PEACE PROCESS MUST END IN PALESTINIAN SOVEREIGNTY....

"PERES MUST RESIST THE TEMPTATION TO COMPETE WITH LIKUD'S EXTREMISM. HE SHOULD REALIZE THAT PEACE WILL NEVER COME SO LONG AS ISRAEL REMAINS IN ILLEGAL OCCUPATION OF LANDS FORCIBLY SEIZED FROM THE PALESTINIANS. SYRIANS AND LEBANESE. RATHER THAN MAKING UNREASONABLE DEMANDS ON THE PLO,...PERES SHOULD HAVE THE COURAGE TO RECOGNIZE THAT THE PALESTINIANS ALSO HAVE

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INALIENABLE RIGHTS AS A NATION."

--"ABANDONING JIHAD," EDITORIAL IN FEBRUARY 10, THE
INDIAN EXPRESS:

"THE UNCERTAINTY ABOUT THE COMMENCEMENT OF THE NEXT
AND CRUCIAL PHASE OF ISRAELI-PALESTINIAN PEACE TALKS IS
NOT GOING TO END WITH THE PALESTINE LIBERATION

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ORGANIZATION'S DECISION TO REPLACE RATHER THAN AMEND ITS 1968 CHARTER. THE ISRAELI GOVERNMENT HAS MADE IT A CONDITION FOR THE RESUMPTION OF THE PEACE PROCESS THAT THE CLAUSE ON JIHAD AGAINST ISRAEL BE FORMALLY DELETED FROM THE CHARTER....

"THE ISRAELIS FEEL NOTHING LESS THAN AN EXPLICIT ABROGATION OF THE PLO'S OLD AIM TO INSTALL A PALESTINIAN STATE IN THE WHOLE TERRITORY INCLUDING AREAS CONSTITUTING THE STATE OF ISRAEL WOULD SECURE THE PEACE. THE PLO SEEMS UNPREPARED, HOWEVER, TO PROVIDE THIS SECURITY GUARANTEE IN THE FORM ISRAEL IS DEMANDING WITHOUT GETTING SOMETHING IN RETURN....

"THE IDEA OF A NEW CHARTER IS LIKELY TO BE INTERPRETED NOT AS THE PLO TAKING WHAT IS ITS WELL-KNOWN MAXIMALIST NEGOTIATING POSITION BUT AS EVIDENCE THAT...ARAFAT, STRENGTHENED BY A POPULAR MANDATE, INTENDS TO BE MORE INTRACTABLE. RESOLVING THE MATTER OF THE PLO'S OLD COVENANT IN A WAY WHICH REMOVES ISRAELI APPREHENSIONS IS VITAL FOR PRIME MINISTER SHIMON PERES, WHO IS COUNTING ON THE PEACE PROCESS TO SHORE UP HIS LABOR PARTY'S PROSPECTS IN THE COMING GENERAL

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DRAFTED BY: PM/NE : WMERRELL : RJKSTRATFORD : EFF

APPROVED BY: PM: RJEINHORN

P: DRUSSEL

S/S-O :MDOYLE

T:JBARKER

E:MQUINN

EAP/CM: JBADER

EB : LBUTCHER

S/P:AROMBERG; SA/RA:MFITZPATRICK L/PM:NHIGHSMITH

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TO AMEMBASSY ISLAMABAD NIACT IMMEDIATE

ALL DIPLOMATIC AND CONSULAR POSTS IMMEDIATE

INFO TREASURY DEPT WASHDC 0000

CIA WASHDC 0000

SECDEF WASHDC 0000

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STATE 098045

E.O. 12958: DECL: 5/7/2006

TAGS: MNUC, PARM, EXIM, KNNP, PTER, KPAL, ECON, CH, PR

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DEPARTMENT OF STATE

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Date: 11/21/97

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PAGE 02 STATE 098045 110223Z
SUBJECT: CHINA NUCLEAR NON-PROLIFERATION: GUIDANCE FOR
POSTS ON SECRETARY CHRISTOPHER'S DECISION REGARDING
RESUMPTION OF NORMAL EXPORT-IMPORT BANK FINANCING FOR
CHINA

1. CLASSIFIED BY R.J.K. STRATFORD, DIRECTOR PM/NE,
DEPARTMENT OF STATE. REASON: 1.5(D). NIACT PRECEDENCE
JUSTIFIED BY EMBASSY ISLAMABAD'S REQUEST; PLS NOTIFY
POLCOUNS ERIC KUNSMAN AT OOB SATURDAY, MAY 11.

2. (C) THIS IS GUIDANCE FOR ALL DIPLOMATIC AND CONSULAR
POSTS REGARDING THE SECRETARY'S DECISION TO RESUME NORMAL
EXIMBANK FINANCING FOR U.S. EXPORTS TO CHINA. SET FORTH
HEREIN ARE BACKGROUND RELATED TO THE SECRETARY'S DECISION,
THE DEPARTMENT'S PUBLIC STATEMENT, AND QS & AS RELATED TO
THE DECISION AND THE UNDERLYING EVENTS. POSTS MAY DRAW ON
THE DEPARTMENT'S STATEMENT AND THE QS & AS TO BRIEF HOST
GOVERNMENTS, AS NECESSARY OR DESIRABLE. POSTS MAY
DISTRIBUTE THE PUBLIC STATEMENT AS APPROPRIATE, BUT THE QS
& AS SHOULD NOT/NOT BE DISTRIBUTED. BACKGROUND PARAGRAPHS
ARE FOR POST'S INFORMATION.

3. (C) BACKGROUND: FOR YEARS CHINA'S COOPERATION WITH
PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAM HAS BEEN A SOURCE
OF CONCERN TO THE U.S. AND WE HAVE RAISED THIS CONCERN
WITH THE CHINESE GOVERNMENT ON A NUMBER OF OCCASIONS.
RECENTLY WE RECEIVED INFORMATION CONCERNING A SHIPMENT
FROM CHINA TO PAKISTAN OF SEVERAL THOUSAND RING MAGNETS,
USED IN MAGNETIC BEARINGS FOR CENTRIFUGE URANIUM

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ENRICHMENT MACHINES. AN EVALUATION OF THIS INFORMATION ON THE RING MAGNETS TRANSFER, TAKEN TOGETHER WITH CONTINUING U.S. CONCERNS ABOUT CHINESE ASSISTANCE TO PAKISTAN IN THE PRODUCTION OF UNSAFEGUARDED NUCLEAR MATERIALS, RESULTED IN AN ADMINISTRATION ASSESSMENT OF WHETHER OR NOT SECTION 825 OF THE NUCLEAR PROLIFERATION PREVENTION ACT OF 1994 HAD BEEN TRIGGERED.]

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4. [C] ACCORDING TO SECTION 825 OF THE NUCLEAR PROLIFERATION PREVENTION ACT (NPPA), IF THE SECRETARY OF STATE DETERMINES THAT A COUNTRY HAS WILLFULLY AIDED OR ABETTED A NON-NUCLEAR WEAPON STATE TO ACQUIRE UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL, HE MUST SO NOTIFY THE EXIMBANK WHICH IN TURN MUST SUSPEND ALL ACTIONS ON NEW LOANS, CREDITS AND GUARANTEES TO THE OFFENDING COUNTRY.]

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5. [C] IN CONJUNCTION WITH OUR ASSESSMENT OF WHETHER SECTION 825 SHOULD BE TRIGGERED, WE SOUGHT TO GATHER MORE INFORMATION FROM THE CHINESE GOVERNMENT CONCERNING THE RING MAGNET SHIPMENT. WE ALSO SOUGHT TO ENTER INTO DISCUSSIONS TO ESTABLISH A SET OF MUTUALLY-AGREED BASIC GROUND RULES FOR NUCLEAR COOPERATION WITH NON-NUCLEAR WEAPON STATES. SUCH GROUND RULES WOULD HELP TO PROVIDE A BASIS FOR THE IMPLEMENTATION OF THE 1985 U.S./CHINA AGREEMENT FOR COOPERATION IN THE PEACEFUL USES OF ATOMIC ENERGY. (IMPLEMENTATION OF THAT AGREEMENT REQUIRES A PRESIDENTIAL DETERMINATION THAT CHINA IS NOT AIDING NON-NUCLEAR WEAPON STATES TO ACQUIRE NUCLEAR WEAPONS, A CERTIFICATION THE PRESIDENT HAS BEEN UNABLE TO MAKE IN LIGHT OF PERSISTENT INTELLIGENCE ON THE SUBJECT).]

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6. [C] DURING THE TIME THAT THE U.S. REVIEWED THE FACTS IN THIS CASE, AND DISCUSSED THE ISSUE IN DEPTH WITH CHINA, THE ADMINISTRATION TOOK STEPS TO MAKE CERTAIN THAT NO ACTIONS WERE TAKEN THAT WOULD BE INCONSISTENT WITH ANY POSSIBLE OUTCOME. SECRETARY CHRISTOPHER, PURSUANT TO THE AUTHORITY OF THE EXPORT-IMPORT BANK ACT, AS DELEGATED BY]

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[THE PRESIDENT, REQUESTED THAT THE EXPORT-IMPORT BANK
TEMPORARILY TAKE NO FINAL ACTION TO APPROVE OR DISAPPROVE
FINANCING FOR CHINA.]

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7. (C) WE RAISED THE RING MAGNET ISSUE, AND NUCLEAR
NONPROLIFERATION ISSUES IN GENERAL, WITH CHINA DURING
TALKS ON PEACEFUL USES OF NUCLEAR ENERGY IN JANUARY 1996,
IN TALKS BETWEEN NATIONAL SECURITY ADVISOR LAKE AND
CHINESE STATE COUNCIL FOREIGN AFFAIRS OFFICE DIRECTOR LIU
HUAQIU IN MARCH, AND IN EXPORT CONTROL DISCUSSIONS IN
BEIJING IN LATE MARCH. IN THE COURSE OF DISCUSSIONS
BETWEEN SECRETARY CHRISTOPHER AND VICE PREMIER QIAN IN THE
HAGUE ON APRIL 19, WE RECEIVED CLARIFICATIONS AND
ASSURANCES REGARDING CHINA'S POLICIES TOWARD NUCLEAR
NONPROLIFERATION AND NUCLEAR COOPERATION WITH OTHER
COUNTRIES. THESE STATEMENTS HAVE BEEN FURTHER CLARIFIED
IN FOLLOW-ON DISCUSSIONS BETWEEN U.S. AND CHINESE
OFFICIALS.]

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8. (U) ON THE BASIS OF ALL AVAILABLE INFORMATION,
INCLUDING THESE CLARIFICATIONS AND ASSURANCES, SECRETARY
CHRISTOPHER HAS CONCLUDED THAT THE UNITED STATES WILL NOT
IN THE CURRENT SITUATION IMPOSE SANCTIONS UNDER SECTION
825 OF THE NUCLEAR PROLIFERATION PREVENTION ACT AND

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THEREFORE EXPORT-IMPORT BANK OPERATIONS IN SUPPORT OF U.S.
EXPORTS TO CHINA ARE RETURNED TO NORMAL.

9. (U) AS IS NOTED IN THE DEPARTMENT'S PUBLIC STATEMENT,
THE UNITED STATES EXPECTS TO CONTINUE OUR CONSULTATIONS
WITH CHINA ON EXPORT CONTROL MATTERS AND RELATED ISSUES.
WE EXPECT THAT THESE CONSULTATIONS WILL HELP TO DEVELOP A
COMMON UNDERSTANDING ON FULLY EFFECTIVE EXPORT CONTROL
POLICIES AND PRACTICES, STRENGTHEN NATIONAL EXPORT CONTROL
SYSTEMS, AVOID FUTURE PROBLEMS, AND PROVIDE AN ADDITIONAL
AVENUE TO ADVANCE OUR COMMO
N NONPROLIFERATION GOALS.

10. CHINA IS EXPECTED TO RELEASE A PUBLIC STATEMENT ON

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THIS MATTER SATURDAY, MAY 11, BEIJING TIME.

11. (U) FOLLOWING IS THE TEXT OF THE DEPARTMENT'S PUBLIC STATEMENT (RELEASABLE):

TEXT OF U.S. STATEMENT

IN THE LAST FEW MONTHS, THE UNITED STATES AND CHINA HAVE ENGAGED IN INTENSIVE DISCUSSIONS ON THE QUESTION OF NUCLEAR NONPROLIFERATION AND NUCLEAR-RELATED EXPORTS. THESE DISCUSSIONS HAVE ADDRESSED U.S. CONCERNS ABOUT CHINESE NUCLEAR COOPERATION WITH OTHER COUNTRIES, INCLUDING THE TRANSFER OF RING MAGNETS.

IN THE COURSE OF THESE DISCUSSIONS, ESPECIALLY THE APRIL

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19 MEETING IN THE HAGUE BETWEEN SECRETARY CHRISTOPHER AND VICE PREMIER QIAN, THE CHINESE PROVIDED CLARIFICATIONS AND ASSURANCES REGARDING CHINA'S POLICIES TOWARD NUCLEAR NONPROLIFERATION AND NUCLEAR COOPERATION WITH OTHER COUNTRIES. OF PARTICULAR SIGNIFICANCE, THE CHINESE ASSURED US THAT CHINA WILL NOT PROVIDE ASSISTANCE TO UNSAFEGUARDED NUCLEAR FACILITIES, AND THE CHINESE WILL NOW CONFIRM THIS IN A PUBLIC STATEMENT. IN ADDITION, SENIOR CHINESE OFFICIALS HAVE INFORMED US THAT THE GOVERNMENT OF CHINA WAS UNAWARE OF ANY TRANSFERS OF RING MAGNETS BY A CHINESE ENTITY, AND THEY HAVE CONFIRMED OUR UNDERSTANDING THAT CHINA'S POLICY OF NOT ASSISTING UNSAFEGUARDED NUCLEAR PROGRAMS WILL PRECLUDE FUTURE TRANSFERS OF RING MAGNETS TO UNSAFEGUARDED FACILITIES.

ON THE BASIS OF A CLOSE REVIEW OF THE EVIDENCE AVAILABLE IN THIS CASE, AND THE CLARIFICATIONS AND ASSURANCES PROVIDED BY CHINA REGARDING PAST TRANSFERS AND CHINESE NUCLEAR EXPORT CONTROL POLICIES, THE SECRETARY OF STATE HAS CONCLUDED THAT THERE IS NOT A SUFFICIENT BASIS TO

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WARRANT A DETERMINATION THAT SANCTIONABLE ACTIVITY OCCURRED UNDER SECTION 825 OF THE NUCLEAR PROLIFERATION PREVENTION ACT OF 1994. ACCORDINGLY, SANCTIONS WILL NOT BE IMPOSED IN THE CURRENT SITUATION AND EXPORT-IMPORT BANK OPERATIONS IN SUPPORT OF U.S. EXPORTS TO CHINA ARE RETURNED TO NORMAL.

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THE UNITED STATES LOOKS FORWARD TO CONTINUING CONSULTATIONS WITH CHINA ON EXPORT CONTROL POLICIES AND

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RELATED ISSUES. THESE CONSULTATIONS CAN HELP US TO DEVELOP A COMMON UNDERSTANDING ON FULLY EFFECTIVE EXPORT CONTROL POLICIES AND PRACTICES AND TO STRENGTHEN NATIONAL EXPORT CONTROL SYSTEMS, AND THUS WILL HELP AVOID FUTURE PROBLEMS AND PROVIDE AN ADDITIONAL AVENUE TO ADVANCE OUR COMMON NONPROLIFERATION GOALS.

12. (SBU) FOLLOWING ARE QUESTIONS AND ANSWERS WHICH MAY BE DRAWN ON FOR BRIEFING HOST GOVERNMENTS (BUT WHICH MAY NOT BE RELEASED):

Q'S AND A'S

CHINA: NUCLEAR NON-PROLIFERATION AND EXPORT-IMPORT BANK FINANCING

CHINA'S UNDERTAKING NOT TO PROVIDE ASSISTANCE TO UNSAFEGUARDED NUCLEAR FACILITIES

Q: WHAT IS NEW AND SIGNIFICANT ABOUT CHINA'S COMMITMENT NOT TO PROVIDE ASSISTANCE TO UNSAFEGUARDED NUCLEAR FACILITIES? AREN'T NPT PARTIES ALREADY COMMITTED NOT TO PROVIDE SUCH ASSISTANCE?

A: U.S. CONCERNS ABOUT CHINESE NUCLEAR COOPERATION WITH PAKISTAN HAVE GENERALLY INVOLVED REPORTS OF ASSISTANCE TO PAKISTANI UNSAFEGUARDED NUCLEAR FACILITIES, INCLUDING IN THE AREA OF URANIUM ENRICHMENT. EFFECTIVE CHINESE IMPLEMENTATION OF ITS COMMITMENT NOT TO PROVIDE SUCH

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ASSISTANCE IN THE FUTURE WOULD RESOLVE A MAJOR U.S.
CONCERN ABOUT CHINESE COOPERATION WITH OTHER COUNTRIES.

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THIS NEW COMMITMENT IS SIGNIFICANT BECAUSE IT BRINGS CHINA'S NUCLEAR COOPERATION AND EXPORT CONTROL POLICIES MORE IN LINE WITH THOSE OF THE WORLD'S OTHER MAJOR NUCLEAR SUPPLIERS. THE NPT REQUIRES PARTIES NOT TO PROVIDE "ESPECIALLY DESIGNED OR PREPARED" ITEMS, ESSENTIALLY NUCLEAR "TRIGGER LIST" ITEMS, TO UNSAFEGUARDED FACILITIES. OTHER MAJOR SUPPLIERS HAVE ALSO ADOPTED EXPORT CONTROLS OVER DUAL-USE ITEMS TO ASSURE THAT THEY DO NOT CONTRIBUTE TO PROLIFERATION. THE NEW CHINESE COMMITMENT NOT TO ASSIST UNSAFEGUARDED NUCLEAR FACILITIES WILL BROADEN ITS NUCLEAR EXPORT CONTROLS BEYOND NUCLEAR TRIGGER LIST ITEMS, IN ORDER TO ASSURE THAT CHINA'S NUCLEAR COOPERATION WITH THIRD COUNTRIES, INCLUDING THROUGH THE PROVISION OF DUAL-USE ITEMS AND OTHER FORMS OF ASSISTANCE, WILL NOT ASSIST THE ACQUISITION OF NUCLEAR EXPLOSIVE DEVICES.

WE HOPE THAT THIS NEW CHINESE COMMITMENT, TOGETHER WITH THE PLANNED BILATERAL CONSULTATIONS ON EXPORT CONTROL POLICIES AND PRACTICES, WILL HELP ENSURE A COMMON UNDERSTANDING OF OUR NPT OBLIGATIONS AND AVOID FUTURE CONCERNS ABOUT CHINESE NUCLEAR COOPERATION WITH OTHER COUNTRIES.

WILLFULNESS

Q: GIVEN THE LONG AND INCRIMINATING PATTERN OF CHINESE SUPPORT FOR PAKISTAN'S NUCLEAR PROGRAM AND THE FACT THAT THE ENTITY WHICH TRANSFERRED THE RING MAGNETS, THE CHINA NUCLEAR ENERGY INDUSTRY CORPORATION (CNEIC) IS A

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GOVERNMENT-OWNED ENTITY, HOW CAN YOU SAY THERE IS NOT A
SUFFICIENT BASIS TO DETERMINE THAT CHINA HAS WILLFULLY
ASSISTED PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAM?

A: WE HAVE LONG BEEN EXTREMELY CONCERNED ABOUT THE NATURE
OF CHINA'S COOPERATION WITH PAKISTAN, ESPECIALLY BEFORE
CHINA JOINED THE NPT IN 1992 BUT AFTER IT JOINED AS WELL.
AND IN THIS CASE, WE CONCLUDED CONFIDENTLY THAT RING
MAGNET TRANSFERS DID OCCUR, AND THAT THEY CONTRIBUTED TO
PROLIFERATION. BUT BASED ON WHAT WE KNOW AND WHAT WE HAVE
LEARNED FROM THE CHINESE, WE DO NOT BELIEVE THAT THERE ARE
SUFFICIENT GROUNDS TO DETERMINE THAT CENTRAL CHINESE
AUTHORITIES KNEW ABOUT OR APPROVED OF THE RING MAGNET
TRANSFERS OR OTHER INDIVIDUAL TRANSACTIONS.

WE WILL CONTINUE TO WORK WITH THE CHINESE TO DEVELOP A
COMMON UNDERSTANDING ON FULLY EFFECTIVE EXPORT CONTROL
POLICIES AND PRACTICES AND TO STRENGTHEN EXISTING NATIONAL
EXPORT CONTROL SYSTEMS THAT CAN AVOID FUTURE PROBLEMS AND
HELP ADVANCE OUR COMMON NON-PROLIFERATION GOALS.

Q: WHAT BASIS DO YOU HAVE FOR QUESTIONING WHETHER THE
ACTIVITY WAS WILLFUL?

A: A KEY LEGAL REQUIREMENT OF SECTION 825 OF THE NUCLEAR
PROLIFERATION PREVENTION ACT OF 1994 IS TO DETERMINE
WHETHER A COUNTRY HAS ACTED WILLFULLY. DESPITE OUR
OVERALL CONCERN ABOUT COOPERATION BETWEEN CHINA AND
PAKISTAN, THE FACTS REGARDING THESE SPECIFIC INDIVIDUAL

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TRANSFERS DO NOT PROVIDE SUFFICIENT GROUNDS FOR CONCLUDING
THAT THE GOVERNMENT OF CHINA WAS ACTING WILLFULLY. AMONG
THE FACTORS WE CONSIDERED:

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O CHINESE LEADERS HAVE INFORMED THE U.S. AUTHORITATIVELY THAT CHINESE CENTRAL GOVERNMENT AUTHORITIES DID NOT KNOW OF THE TRANSFERS OF RING MAGNETS.

O WE HAVE NO INFORMATION THAT SENIOR OFFICIALS, OR OFFICIALS OUTSIDE THE ENTITIES DIRECTLY INVOLVED, KNEW OR APPROVED OF RING MAGNET TRANSFERS.

O THE RING MAGNETS WERE INEXPENSIVE AND NOT SPECIFICALLY ON THE INTERNATIONAL TRIGGER LIST, INCREASING THE LIKELIHOOD THAT THEIR TRANSFER WOULD NOT BE SUBJECT TO SENIOR-LEVEL OR CENTRAL REVIEW.

O WE BELIEVE CHINA'S EXPORT CONTROL SYSTEM IS STILL RUDIMENTARY, WITH WEAK CENTRAL OVERSIGHT, AND THUS MIGHT NOT HAVE "CAUGHT" SUCH TRANSFERS.

Q: THE CNEIC IS A GOVERNMENT-OWNED ENTITY. THE DIA SAYS IT REPORTS DIRECTLY TO THE STATE COUNCIL. HOW CAN YOU SAY THE MAGNETS WERE NOT NECESSARILY APPROVED AT SENIOR LEVELS?

A: THE FORMAL RELATIONSHIP BETWEEN THE CNEIC AND OTHER CHINESE ENTITIES DOES NOT TELL US HOW INDIVIDUAL TRANSACTIONS ARE NOTIFIED AND APPROVED. WE HAVE NO

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EVIDENCE THAT THE CNEIC-MANAGED RING MAGNET TRANSFER WAS REVIEWED BY CHINESE SENIOR OR CENTRAL AUTHORITIES. INDEED, WE HAVE CONSIDERABLE INFORMATION THAT MANY CHINESE ENTITIES, EVEN GOVERNMENT-OWNED ONES, OPERATE WITH CONSIDERABLE AUTONOMY, ESPECIALLY ON TRANSACTIONS THAT ARE NOT SEEN AS HAVING MAJOR MONETARY OR POLICY-IMPORTANCE. MOREOVER, CHINESE LEADERS HAVE DENIED AUTHORITATIVELY THAT CENTRAL CHINESE GOVERNMENT OFFICIALS KNEW OF THE TRANSFER.

Q: GIVEN THE LONG-STANDING PATTERN OF CHINESE ASSISTANCE TO PAKISTAN'S PROGRAM, CAN'T WE REASONABLY CONCLUDE THAT RECENT TRANSACTIONS WERE TAKING PLACE UNDER A GENERAL

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CHINESE POLICY OF APPROVAL AND WERE THEREFORE WILLFUL?

A: WE HAVE LONG BEEN VERY CONCERNED ABOUT THE HISTORIC PATTERN OF CHINESE COOPERATION WITH PAKISTAN'S NUCLEAR PROGRAM, ESPECIALLY DURING THE 1980S BUT EVEN AFTER CHINA JOINED THE NPT IN 1992. BUT AS I SAID, IN THIS CASE THE FACTS AVAILABLE TO US DO NOT PROVIDE A CLEAR BASIS FOR A DETERMINATION THAT CENTRAL CHINESE GOVERNMENT AUTHORITIES KNEW ABOUT OR APPROVED THE SPECIFIC TRANSACTIONS. MOREOVER, VARIOUS STEPS TAKEN BY CHINA IN RESPONSE TO OUR INQUIRIES, INCLUDING CONFIRMATION THAT CHINA'S POLICY OF NOT ASSISTING UNSAFEGUARDED NUCLEAR FACILITIES WILL PRECLUDE FUTURE TRANSFERS OF RING MAGNETS TO UNSAFEGUARDED FACILITIES, IS CONSISTENT WITH CHINA'S STATED POLICY OF NOT ASSISTING UNSAFEGUARDED NUCLEAR PROGRAMS IN OTHER COUNTRIES.

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RING MAGNETS AND OTHER NUCLEAR COOPERATION

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Q: WHAT WAS TRANSFERRED FROM CHINA TO PAKISTAN?

A: A LARGE NUMBER OF RING MAGNETS WERE PROVIDED BY THE CHINESE ENTITY, THE CHINA NUCLEAR ENERGY INDUSTRY CORPORATION (CNEIC), TO KHAN RESEARCH LABORATORIES (KRL), THE ORGANIZATION RESPONSIBLE FOR PAKISTAN'S UNSAFEGUARDED URANIUM ENRICHMENT PROGRAM. OUR ANALYSIS OF ALL OF THE AVAILABLE INFORMATION ON THIS TRANSACTION INDICATES THAT THE MAGNETS WERE CUSTOM-BUILT FOR USE IN PAKISTAN'S GAS CENTRIFUGE ENRICHMENT PROGRAM.

WE ALSO HAVE RAISED WITH THE CHINESE CONCERNS ABOUT OTHER COOPERATION BETWEEN CHINA AND PAKISTAN'S UNSAFEGUARDED PROGRAM.

Q: ARE RING MAGNETS CONTROLLED ON EXPORT TRIGGER LISTS, SUCH AS THE NUCLEAR SUPPLIERS GROUP AND ZANGGER COMMITTEE?

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A: RING MAGNETS ARE NOT ON THE APPLICABLE "TRIGGER LISTS." HOWEVER, THE "TRIGGER LISTS" OF BOTH THE NUCLEAR SUPPLIERS GROUP AND THE ZANGGER COMMITTEE LIST "MAGNETIC SUSPENSION BEARINGS" (ITEM 5.1.2) AS A COMPONENT SUBJECT TO THEIR CONTROLS. THE ITEM SPECIFICALLY NOTES THAT THE BEARING ASSEMBLY CONSISTS OF AN ANNULAR MAGNET SUSPENDED WITHIN A HOUSING CONTAINING A DAMPING MEDIUM AND THAT THE "MACNET MAY BE RING-SHAPED WITH A RELATION BETWEEN OUTER AND INNER DIAMETER SMALLER OR EQUAL TO 1.6:1." THUS, ALTHOUGH RING MACNETS THEMSELVES ARE NOT LISTED AS A CONTROLLED COMPONENT, THE TRIGGER LISTS RECOGNIZE THE IMPORTANCE OF RING MAGNETS AS A SUB-COMPONENT OF

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CONTROLLED COMPONENTS THAT ARE NECESSARY FOR THE
PRODUCTION OF URANIUM ENRICHMENT CENTRIFUGES.

MOREOVER, THE "GENERAL NOTE" CONTAINED IN ANNEX A TO THE TRIGGER LISTS STATES "THE OBJECT OF THESE CONTROLS SHOULD NOT BE DEFEATED BY THE TRANSFER OF COMPONENT PARTS."

Q: WOULD THE U.S. CONTROL THE EXPORT OF THESE MACNETS?

A: YES. THE U.S. WOULD CONTROL THE EXPORT OF THESE MAGNETS SINCE THEY WERE CUSTOM-BUILT FOR USE IN EQUIPMENT THAT PRODUCES SPECIAL NUCLEAR MATERIAL. THE NUCLEAR REGULATORY COMMISSION ASSERTS EXPORT LICENSING AUTHORITY OVER "PLANTS FOR THE SEPARATION OF THE ISOTOPES OF URANIUM . . . INCLUDING GAS CENTRIFUGE PLANTS . . . AND ESPECIALLY DESIGNED OR PREPARED ASSEMBLIES AND COMPONENTS FOR THESE PLANTS." (10 CODE OF FEDERAL REGULATIONS 110.8

(B)). ADDITIONALLY, THE U.S. WOULD, IF NECESSARY, EMPLOY ITS "CATCH-ALL" CONTROLS CONTAINED IN THE DEPARTMENT OF COMMERCE'S EXPORT LICENSING REGULATIONS TO ASSURE THAT ITEMS SUCH AS THESE MAGNETS WERE NOT USED IN AN UNSAFEGUARDED NUCLEAR PROGRAM.

Q: ARE THERE USES FOR THESE MAGNETS OTHER THAN FOR NUCLEAR APPLICATIONS?

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[REDACTED]

A: RING MAGNETS ARE USED IN OTHER APPLICATIONS, SUCH AS ELECTRONICS. BUT BASED ON THE INFORMATION AVAILABLE TO US, INCLUDING, FOR EXAMPLE, THE IDENTITY OF THE SOURCE (CNEIC) AND THE RECIPIENT (KRL), WE ARE SATISFIED THAT IN

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[REDACTED]

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THIS CASE, THE MAGNETS WERE CUSTOM-BUILT AND INTENDED FOR URANIUM ENRICHMENT.

Q: HOW CONFIDENT ARE WE THAT RING MAGNETS WERE ACTUALLY SENT TO PAKISTAN BY A CHINESE ENTITY? WHEN WERE THE SHIPMENTS MADE? HOW MANY MAGNETS HAVE BEEN TRANSFERRED THUS FAR? DO WE BELIEVE ADDITIONAL MAGNETS HAVE BEEN MANUFACTURED FOR THE PAKISTANI END-USER? ARE MAGNETS OUR ONLY CONCERN?

A: I CANNOT COMMENT ON THE SPECIFICS OF OUR INFORMATION, BUT I CAN ASSURE YOU THAT WE WOULD NOT HAVE REVIEWED THIS ISSUE SO CAREFULLY, NOR HAVE RAISED THIS ISSUE MULTIPLE TIMES TO THE HIGHEST LEVELS OF THE CHINESE GOVERNMENT ON THE BASIS OF FRAGMENTARY OR QUESTIONABLE INFORMATION. WE HAVE CAREFULLY EXAMINED THE DATA AND ARE CONFIDENT THAT RING MAGNET TRANSFERS OCCURRED. THESE TRANSFERS TOOK PLACE OVER THE COURSE OF SEVERAL MONTHS FROM LATE 1994 TO MID-1995.

WE ALSO HAVE CONCERNS ABOUT OTHER TYPES OF NUCLEAR COOPERATION BETWEEN CHINA AND PAKISTAN, INCLUDING COOPERATION RELATED TO BOTH WEAPONS DEVELOPMENT AND PRODUCTION OF UNSAFEGUARDED SPECIAL NUCLEAR MATERIALS. WE HAVE RAISED THESE CONCERNS WITH THE CHINESE.

CHINA'S RESPONSES TO ALLEGATIONS

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Q: HAS CHINA AGREED NOT TO SHIP ANY MORE RING MAGNETS AND CEASE ENGAGEMENT WITH PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAM?

A: CHINA HAS AGREED NOT TO PROVIDE ASSISTANCE TO UNSAFEGUARDED NUCLEAR FACILITIES. IN OUR EXCHANGES WITH CHINA, CHINA HAS CONFIRMED OUR UNDERSTANDING THAT THIS PLEDGE COVERS THE SHIPMENT OF RING MAGNETS TO UNSAFEGUARDED FACILITIES.

Q. THE U.S. AND CHINA MET IN BEIJING TO DISCUSS THE MAGNETS TRANSFER. WHAT DID WE LEARN?

A. THE U.S. TEAM AND ITS COUNTERPART IN THEIR MEETING MARCH 19-22 IN BEIJING HAD GOOD INITIAL DISCUSSIONS ON EXPORT CONTROL SYSTEMS. THE CHINESE WERE NOT WILLING, HOWEVER, TO ENTER INTO DETAILED DISCUSSIONS ON THE TRANSFER OF RING MAGNETS, NOR WERE THEY WILLING TO DISCUSS DURING THAT MEETING U.S. IDEAS ON GROUNDRULES FOR NUCLEAR COOPERATION WITH THIRD COUNTRIES. THEY INDICATED A WILLINGNESS TO HOLD FUTURE TALKS ON EXPORT CONTROL POLICIES AND MECHANISMS, AND CONTINUE OUR TALKS ON PEACEFUL USES OF NUCLEAR ENERGY, BUT THEY INDICATED THAT THEY WOULD NOT NEGOTIATE UNDER THE THREAT OF SANCTIONS.

DURING DISCUSSIONS ON APRIL 19 IN THE HAGUE BETWEEN SECRETARY CHRISTOPHER AND CHINESE FOREIGN MINISTER QIAN, THE U.S. HAD A GOOD INTERCHANGE WITH CHINA ON CHINA'S FUTURE NUCLEAR EXPORT CONTROL POLICY. CHINESE AUTHORITIES ALSO NOTED THAT THE CHINESE GOVERNMENT WAS NOT AWARE OF THE RING MAGNET TRANSFER BY A CHINESE ENTITY.

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SINCE THE MEETING ON APRIL 19, CHINA HAS COMMITTED NOT TO

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PROVIDE ASSISTANCE TO UNSAFEGUARDED FACILITIES.

Q: WHAT HAS CHINA STATED PUBLICLY IN THE PAST ABOUT ITS COOPERATION WITH PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAM, INCLUDING THE TRANSFER OF RING MAGNETS?

A: CHINA HAS STATED PUBLICLY ON VARIOUS OCCASIONS THAT IT ABIDES BY ITS NPT COMMITMENTS, AND HAS NOT EXPORTED ITEMS FOR NUCLEAR WEAPONS PURPOSES. IT HAS NOTED THAT ALL OF ITS TRANSFERS HAVE BEEN CONSISTENT WITH CHINA'S THREE PRINCIPLES FOR NUCLEAR EXPORT: (1) GUARANTEE OF USE FOR PEACEFUL PURPOSES; (2) ACCEPTANCE OF IAEA SAFEGUARDS; (3) NO RE-TRANSFER TO A THIRD COUNTRY WITHOUT CHINA'S CONSENT.

Q: BUT CHINA'S FOREIGN MINISTER QIAN QICHEN WAS QUOTED IN AN INTERVIEW ON APRIL 29TH AS NOTING THAT "MAGNETIC MATERIALS" ARE NOT ON THE TRIGGER LIST OF THE INTERNATIONAL ATOMIC ENERGY AGENCY, AND THAT CHINA HAS

NOT SOLD RING MAGNETS WHICH CAN BE USED IN THE PRODUCTION OF NUCLEAR WEAPONS TO PAKISTAN. HOW DOES THAT SQUARE WITH YOUR INFORMATION AND HOW DOES THAT AFFECT YOUR CONFIDENCE IN CHINA'S STATEMENT?

WE ARE CONFIDENT OF OUR INFORMATION THAT A CHINESE ENTITY TRANSFERRED CUSTOM-BUILT RING MAGNETS TO AN UNSAFEGUARDED PAKISTANI FACILITY ENGAGED IN URANIUM ENRICHMENT. SENIOR

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CHINESE OFFICIALS HAVE TOLD US THEY WERE UNAWARE OF ANY SUCH TRANSFERS.

WHAT IS MOST IMPORTANT IS NOT HOW BOTH SIDES MIGHT CHARACTERIZE PRECISELY WHAT HAPPENED IN THE PAST, BUT HOW THEY PLAN TO ACT IN THE FUTURE. THE CHINESE HAVE NOW COMMITTED NOT TO PROVIDE ASSISTANCE TO UNSAFEGUARDED NUCLEAR FACILITIES, AND HAVE CONFIRMED OUR UNDERSTANDING THAT THIS PUBLIC COMMITMENT PRECLUDES FUTURE TRANSFERS OF

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RING MAGNETS TO SUCH FACILITIES. WE BELIEVE THESE ARE IMPORTANT STEPS.

PAKISTAN'S RESPONSE TO ALLEGATIONS

Q: WHAT DID THE PAKISTANIS SAY WHEN THEY WERE CONFRONTED WITH INFORMATION REGARDING TRANSFER OF RING MAGNETS FROM CHINA?

A: PUBLICLY, THE GOVERNMENT OF PAKISTAN HAS DENIED THAT IT RECEIVED RING MAGNETS FROM CHINA FOR USE IN URANIUM ENRICHMENT. WE HAVE SOUGHT ADDITIONAL CLARIFICATIONS FROM THE PAKISTANIS THROUGH DIPLOMATIC CHANNELS, BUT WE ARE NOT IN A POSITION TO DISCUSS THOSE TALKS PUBLICLY.

OVERALL PATTERN OF CHINESE-PAKISTANI NUCLEAR COOPERATION

Q: WHAT CAN YOU SAY ABOUT THE PATTERN OF CHINESE-PAKISTANI NUCLEAR COOPERATION OVER THE YEARS?

A: PRIOR TO CHINA'S NPT ACCESSION IN MARCH 1992, THE U.S.

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CONCLUDED THAT CHINA HAD ASSISTED PAKISTAN IN DEVELOPING NUCLEAR EXPLOSIVES. BY JOINING THE NPT, CHINA MADE A BINDING INTERNATIONAL COMMITMENT NOT TO ASSIST ANY NON-NUCLEAR WEAPON STATE TO ACQUIRE OR TO DEVELOP NUCLEAR EXPLOSIVES AND UNDERTOOK TO REQUIRE IAEA SAFEGUARDS ON ITS NUCLEAR EXPORTS.

IN THE 1995 ANNUAL ARMS CONTROL COMPLIANCE REPORT (THE

SO-CALLED "PELL REPORT") THE ADMINISTRATION STATED THAT, BASED ON BEIJING'S LONGSTANDING NUCLEAR TIES WITH ISLAMABAD, IT WAS UNCLEAR WHETHER CHINA HAD BROKEN OFF ITS CONTACTS WITH ELEMENTS ASSOCIATED WITH PAKISTAN'S NUCLEAR WEAPONS PROGRAM. WE HAVE CONTINUING CONCERNS WITH RESPECT TO PAKISTANIS UNSAFEGUARDED FACILITIES, WEAPONS DEVELOPMENT AND PRODUCTION OF UNSAFEGUARDED SPECIAL NUCLEAR MATERIALS. WE HAVE MADE OUR CONCERNS KNOWN TO THE CHINESE GOVERNMENT.

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Q: HAVE THERE BEEN ANY POSITIVE DEVELOPMENTS WITH RESPECT TO CHINESE NON-PROLIFERATION BEHAVIOR?

A: YES. CHINA WAS OF SIGNIFICANT HELP IN DEFUSING AND RESOLVING THE NUCLEAR WEAPONS DEVELOPMENT ISSUE WITH NORTH KOREA. IN 1994, CHINA AGREED TO BAN THE EXPORT OF MTCR-CLASS GROUND-TO-GROUND MISSILES. THE U.S. WORKED WITH CHINA IN THE RUNUP TO THE 1995 NPT REVIEW CONFERENCE WHICH EXTENDED THE TREATY INDEFINITELY AND UNCONDITIONALLY. CHINA AND THE UNITED STATES HAVE BEGUN TALKS AIMED AT REACHING A COMMON UNDERSTANDING ON FULLY EFFECTIVE EXPORT CONTROL POLICIES AND PRACTICES AND TO

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STRENGTHEN EXISTING NATIONAL EXPORT CONTROL SYSTEMS.

TIMETABLE OF U.S. KNOWLEDGE AND ACTIONS

Q: WHEN DID THE U.S. FIRST BECOME AWARE OF THE COOPERATION WHICH LED TO THE SANCTIONS REVIEW? WHY DID IT TAKE SO LONG FOR A DECISION?

A: WHILE WE RECEIVED OUR FIRST INDICATIONS OF SOME TYPE OF TRANSFER INVOLVING MAGNETS IN LATE 1994, REPORTING FROM LATE SUMMER 1995 PROVIDED WHAT WE FELT WAS THE FIRST SUFFICIENT DETAIL FOR USG ENRICHMENT EXPERTS TO ANALYZE THE TRANSFERS IN TERMS OF LEGISLATIVE CRITERIA. THIS ANALYSIS WAS COMPLETED IN NOVEMBER 1995.

SENIOR-LEVEL INTERAGENCY POLICY DELIBERATIONS ENSUED, FOLLOWE

D BY EXTENSIVE ENGAGEMENT WITH THE CHINESE TO TRY TO LEARN MORE ABOUT THE TRANSACTIONS, INCLUDING VISITS BY SENIOR CHINESE OFFICIALS TO WASHINGTON IN MARCH, AND THE DISPATCH OF A U.S. TEAM TO BEIJING LATER THAT MONTH TO OBTAIN ADDITIONAL INFORMATION. SENIOR CHINESE OFFICIALS ALSO DISCUSSED THIS ISSUE WITH RESPONSIBLE AND EXPERIENCED PRIVATE AMERICAN CITIZENS DURING THIS TIME. THE MEETING BETWEEN SECRETARY CHRISTOPHER AND CHINESE FOREIGN MINISTER

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QIAN ON APRIL 19 ALSO YIELDED ADDITIONAL INFORMATION ABOUT
CHINESE POLICIES AND PRACTICES REGARDING NUCLEAR EXPORTS.
ADDITIONAL FOLLOW-UP WAS COMPLETED OVER THE PAST FEW WEEKS
BY OUR EMBASSIES.

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EXPLANATION OF SECTION 825 OF THE NUCLEAR PROLIFERATION
PREVENTION ACT (NPPA)

Q: WHAT IS THE STANDARD FOR SANCTIONING UNDER SECTION 825?

A: SECTION 825 TRIGGERS A CUTOFF OF EX-IM FINANCING IF
THE SECRETARY OF STATE DETERMINES THAT A COUNTRY HAS
"WILLFULLY AIDED OR ABETTED ANY NON-NUCLEAR-WEAPON STATE
TO ACQUIRE)A) NUCLEAR EXPLOSIVE DEVICE OR TO ACQUIRE
UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL."

THE SANCTIONABLE ACTIVITIES MUST HAVE OCCURRED AFTER THE
EFFECTIVE DATE OF NPPA SECTION 825 (JUNE 29, 1994) AND
MUST BE "WILLFUL" BY THE GOVERNMENT OF THE COUNTRY THAT IS
TO BE SANCTIONED, IN ADDITION, THE ACTIVITIES MUST IN
SOME WAY ASSIST THE RECIPIENT TO ACQUIRE A NUCLEAR
EXPLOSIVE DEVICE OR UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL.

THE U.S. REVIEWED CAREFULLY ALL OF THE INFORMATION
AVAILABLE INCLUDING AUTHORITATIVE STATEMENTS FROM SENIOR
CHINESE OFFICIALS THAT CHINESE CENTRAL GOVERNMENT
AUTHORITIES WERE NOT AWARE OF THE SPECIFIC TRANSFERS. THE
SECRETARY OF STATE REACHED THE CONCLUSION THAT THERE IS
INSUFFICIENT EVIDENCE TO DETERMINE THAT SANCTIONABLE
ACTIVITY OCCURRED WITHIN THE MEANING OF SECTION 825 OF THE
NPPA.

Q: WHAT IS "SPECIAL NUCLEAR MATERIAL?"

A: "SPECIAL NUCLEAR MATERIAL" INCLUDES PLUTONIUM AND
URANIUM WHICH HAS BEEN ENRICHED IN THE ISOTOPES 235 OR

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233. "SPECIAL NUCLEAR MATERIAL" DOES NOT INCLUDE NATURAL
URANIUM.

Q: HAVE SANCTIONS EVER BEEN INVOKED UNDER SECTION 825 OF
THE NPPA?

A: NO.

OTHER POTENTIALLY APPLICABLE SANCTIONS LAWS

Q: WHAT OTHER SANCTIONS COULD HAVE APPLIED TO THE REPORTED
TRANSFERS, AND WHY WEREN'T THEY INVOKED?

A: THIS CASE DID NOT PRESENT THE FACTS NECESSARY TO INVOKE
OTHER NUCLEAR NON-PROLIFERATION SANCTIONS. WE REACHED
THIS CONCLUSION AFTER REVIEWING CAREFULLY ALL POTENTIALLY
RELEVANT NON-PROLIFERATION SANCTIONS, INCLUDING:

-- SECTION 821 OF THE NPPA, WHICH PROHIBITS U.S.
GOVERNMENT PROCUREMENT FROM NON-GOVERNMENT ENTITIES THAT
KNOWINGLY AND MATERIALLY CONTRIBUTE THROUGH EXPORTS TO THE
ACQUISITION OF NUCLEAR WEAPONS OR UNSAFEGUARDED SPECIAL
NUCLEAR MATERIAL BY A NON-NUCLEAR-WEAPON STATE;

-- SECTION 822(A) OF THE NPPA, WHICH CUTS OFF DEFENSE
SALES AND LEASES TO ANY COUNTRY THAT IS IN MATERIAL BREACH
OF COMMITMENTS TO THE U.S. UNDER INTERNATIONAL TREATIES OR
AGREEMENTS CONCERNING NON-PROLIFERATION;

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-- SECTION 824 OF THE NPPA, WHICH IMPOSES BANKING SANCTIONS AGAINST ENTITIES THAT KNOWINGLY, DIRECTLY, AND MATERIALLY CONTRIBUTE THROUGH THE PROVISION OF FINANCING TO THE ACQUISITION OF NUCLEAR WEAPONS OR UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL BY A NON-NUCLEAR-WEAPON STATE; AND

-- THE GLENN AMENDMENT (SECTION 102 OF THE ARMS EXPORT CONTROL ACT, AS AMENDED BY SECTION 826 OF THE NPPA), WHICH IMPOSES BROAD SANCTIONS ON COUNTRIES THAT TRANSFER TO A NON-NUCLEAR-WEAPON STATE ANY NUCLEAR WEAPONS COMPONENTS OR DESIGN INFORMATION THAT THE PRESIDENT DETERMINES IS IMPORTANT TO NUCLEAR WEAPONS DEVELOPMENT AND KNOWN BY THE TRANSFEROR TO BE INTENDED FOR SUCH USE.

Q: WILL THE RING MAGNET TRANSFER RESULT IN SYMINGTON SANCTIONS ON CHINA?

A: A SYMINGTON DETERMINATION IS NOT REQUIRED IN THE ABSENCE OF PENDING ASSISTANCE THAT WOULD BE PRECLUDED BY SYMINGTON SANCTIONS. THERE ARE NO ASSISTANCE PROGRAMS WITH CHINA WHICH COMPEL A SYMINGTON FINDING.

(BACKGROUND: THE SYMINGTON AMENDMENT (SECTION 101 OF THE ARMS EXPORT CONTROL ACT, AS AMENDED BY SECTION 826 OF THE NPPA) PROHIBITS ECONOMIC AND MILITARY ASSISTANCE TO COUNTRIES THAT DELIVER OR RECEIVE NUCLEAR ENRICHMENT EQUIPMENT, MATERIALS, OR TECHNOLOGY.)

CONFIDENTIAL

CONFIDENTIAL

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Q: WHAT NON-PROLIFERATION SANCTIONS OTHER THAN THE NUCLEAR SANCTIONS MIGHT BE APPLIED AGAINST CHINA?

A: A NUMBER OF PRESS STORIES HAVE REFERRED TO THE POTENTIAL APPLICATION OF U.S. SANCTIONS LAWS TO REPORTED TRANSFERS OF MISSILE EQUIPMENT TO PAKISTAN AND IRAN, CHEMICAL PRECURSORS TO IRAN, AND CRUISE MISSILE TRANSFERS TO IRAN.

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BEFORE SANCTIONS AGAINST A FOREIGN ENTITY OR GOVERNMENT ARE TRIGGERED, EACH OF THE VARIOUS ELEMENTS OF THE SANCTIONS LAWS MUST BE SATISFIED. AN ERRONEOUS DETERMINATION COULD HAVE SERIOUS CONSEQUENCES FOR FOREIGN POLICY AND NATIONAL SECURITY, AS WELL AS IMPLICATIONS FOR OUR ECONOMY.

UNCLASSIFIED

FOR THAT REASON, THE EXECUTIVE BRANCH TRADITIONALLY HAS REQUIRED A HIGH STANDARD OF EVIDENCE THAT EACH OF THE ELEMENTS OF THE LAW HAS BEEN MET BEFORE MAKING A DETERMINATION. IF THE ELEMENTS OF THE LAW WERE SATISFIED, WE WOULD NOT HESITATE TO IMPLEMENT THE SANCTIONS LAW.

WE CONTINUE TO REVIEW CHINESE ACTIVITIES CLOSELY. WE HAVE SO FAR NOT FOUND THAT SANCTIONABLE ACTIVITY OCCURRED. IF WE DETERMINE THAT CHINA HAS ENGAGED IN SANCTIONABLE ACTIVITY, WE WILL NOT HESITATE TO IMPLEMENT THE SANCTIONS LAWS.

Q: WILL THE RING MAGNET TRANSFER RESULT IN SYMINGTON SANCTIONS ON PAKISTAN?

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A: A NEW SYMINGTON DETERMINATION IS NOT REQUIRED BECAUSE SYMINGTON SANCTIONS ARE ALREADY IN PLACE AGAINST PAKISTAN FOR PREVIOUS TRANSACTIONS.

(BACKGROUND: THE SYMINGTON AMENDMENT (SECTION 101 OF THE ARMS EXPORT CONTROL ACT, AS AMENDED BY SECTION 826 OF THE NPPA) PROHIBITS ECONOMIC AND MILITARY ASSISTANCE TO COUNTRIES THAT DELIVER OR RECEIVE NUCLEAR ENRICHMENT EQUIPMENT, MATERIALS, OR TECHNOLOGY.)

EFFECT ON EX-IM FINANCING

Q: WHEN WILL EX-IM FINANCING RETURN TO NORMAL?

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THE SECRETARY HAS NOTIFIED EX-IM THAT HE HAS LIFTED RESTRICTIONS UNDER SECTION 2(B)(1)(B) OF THE EXPORT IMPORT BANK ACT. ACCORDINGLY, EX-IM OPERATIONS IN SUPPORT OF U.S. EXPORTS TO CHINA ARE RETURNED TO NORMAL.

Q: DID THE STATE DEPARTMENT USE APPROPRIATE PROCEDURES WHEN IT ASKED EX-IM NOT TO APPROVE OR DISAPPROVE NEW FINANCING FOR CHINESE PROJECTS?

THE SECRETARY OF STATE HAS DELEGATED AUTHORITY UNDER THE EXPORT-IMPORT BANK ACT TO DETERMINE WHEN EX-IM FINANCING WOULD NOT BE IN THE NATIONAL INTEREST. IN LATE APRIL, THE SECRETARY DETERMINED THAT EX-IM SHOULD TEMPORARILY DEFER FROM TAKING ANY FINAL ACTION ON APPROVALS OR DISAPPROVALS FOR FINANCING OF U.S. EXPORTS FOR CHINA PROJECTS UNDER

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THIS STATUTORY AUTHORITY. THE SECRETARY HAS NOTIFIED EX-IM THAT HE HAS LIFTED THE APRIL DETERMINATION.

Q: WHAT ABOUT THE SECRETARY'S FEBRUARY LETTER TO EX-IM?

IN FEBRUARY, THE SECRETARY ADVISED EX-IM OF THE EXECUTIVE BRANCH'S ONGOING EXAMINATION UNDER SECTION 825 OF THE NPPA AND SAID THAT HE BELIEVED THAT IT WOULD BE PRUDENT FOR EX-IM, CONSISTENT WITH ITS STATUTORY RESPONSIBILITIES, TO DEFER CONSIDERATION OF FINANCING OF EXPORTS TO CHINA FOR 30 DAYS. EXERCISING ITS INDEPENDENT JUDGMENT AND AS A MATTER OF MANAGERIAL DISCRETION, EX-IM DECIDED TO DEFER BOARD DECISIONS FOR A LIMITED PERIOD OF TIME.

Q: HASN'T THE ADMINISTRATION BEEN USING EX-IM AS A POLITICAL TOOL DURING THIS REVIEW PERIOD?

NO, ON THE CONTRARY, WE WERE TRYING TO RESPOND TO ACCOMMODATE LEGAL REQUIREMENTS. WHILE OUR REVIEW OF THESE ISSUES WAS IN PROCESS, WE BELIEVED THAT IT WAS PRUDENT TO ENSURE THAT EX-IM MAINTAINED THE STATUS QUO WITH RESPECT TO FINANCING FOR EXPORTS TO CHINA AND TOOK NO ACTIONS THAT

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WOULD BE INCONSISTENT WITH A DETERMINATION THAT SANCTIONABLE ACTIVITY OCCURRED UNDER SECTION 825 OF THE NPPA, OR A CONCLUSION THAT NO SANCTIONABLE ACTIVITY OCCURRED. EX-IM IS REQUIRED TO ACT BASED ON FINANCIAL AND COMMERCIAL CONSIDERATIONS ABSENT A DETERMINATION BY THE SECRETARY. THE STATE DEPARTMENT THUS INVOKED ITS STATUTORY AUTHORITY TO TEMPORARILY DEFER ANY FINAL ACTIONS

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UNDER THE CHAFEE AMENDMENT.

Q: HOW MUCH EX-IM FINANCING DID THE U.S. PROVIDE TO CHINA IN 1995?

A: IN FISCAL YEAR 1995, THE EX-IM AUTHORIZED APPROXIMATELY DOLLARS 880 MILLION IN FINANCING FOR U.S. EXPORTS TO CHINA, MADE UP OF SHORT-TERM INSURANCE AND MEDIUM AND LONG-TERM LOANS AND LOAN GUARANTEES. THAT HELPED FUND U.S. EXPORTS OF ABOUT DOLLARS 1 BILLION.

Q: WILL THE PAST SUSPENSION OF EX-IM FINANCING FOR CHINA INCREASE THE UNCERTAINTY ABOUT THE AVAILABILITY OF EX-IM FINANCING FOR OTHER PROJECTS?

A: IT SHOULD NOT. WE REALIZE THAT DURING THE PERIOD WHEN EX-IM DID NOT APPROVE OR DISAPPROVE FINANCING REQUESTS FOR EXPORTS TO CHINA BECAUSE OF OUR ON-GOING REVIEW OF THIS NON-PROLIFERATION ISSUE, SOME UNCERTAINTY ABOUT FUTURE EX-IM AVAILABILITY MAY HAVE BEEN CREATED.

WITH THE DECISION THAT THERE IS NOT SUFFICIENT EVIDENCE FOR A SANCTION UNDER SECTION 825, THIS UNCERTAINTY SHOULD BE MITIGATED.

MFN RENEWAL

Q: WHAT EFFECT WILL THIS DECISION HAVE ON THE RENEWAL OF

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MFN FOR CHINA?

A: THE ADMINISTRATION HAS SAID IT INTENDS TO SEEK UNCONDITIONAL RENEWAL OF MOST FAVORED NATION STATUS FOR CHINA. THAT REMAINS OUR INTENTION.

THE PRESIDENT SAID, WHEN HE DELINKED HUMAN RIGHTS FROM MFN RENEWAL, THAT WE BELIEVE COMPREHENSIVE ENGAGEMENT IS THE BEST WAY TO AFFECT CHANGE IN CHINA OVER THE LONG RUN.

THE PRESIDENT ALSO NOTED DURING THE MFN DEBATE IN 1993 THAT THE U.S. WILL USE EXISTING STATUTES TO ADDRESS OUR CONCERNS IN THE AREA OF ARMS CONTROL. EXISTING U.S. LAWS, INCLUDING STATUTES SUCH AS THE NPPA AND THE CHAFEE AMENDMENT, PROVIDE MECHANISMS TO ADDRESS NUCLEAR-RELATED TRANSFERS. THIS ISSUE NEED NOT BE ADDRESSED THROUGH MFN. MFN IS A KEY COMPONENT OF OUR BILATERAL RELATIONSHIP WITH

CHINA. LINKAGE OF MFN TO SINGLE ISSUES IS COUNTER-PRODUCTIVE. IT WOULD BE UNLIKELY TO PRODUCE CHINESE MOVEMENT ON THE INDIVIDUAL ISSUE AND COULD CAUSE HARM, BOTH IN THE U.S. AND IN CHINA, TOTALLY DISPROPORTIONATE TO ANY POSSIBLE BENEFICIAL AFFECT.

NON-PROLIFERATION TREATY

Q: DID CHINA VIOLATE ITS COMMITMENTS UNDER THE NPT?

A: CHINA'S ACTIONS CERTAINLY RAISE CONCERNS, BUT WE DID

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NOT REACH A CONCLUSION THAT CHINA VIOLATED THE NPT.
CHINA'S COMMITMENT NOT TO PROVIDE ASSISTANCE TO
UNSAFEGUARDED NUCLEAR PROGRAMS, AND ITS WILLINGNESS TO
ENGAGE IN A DIALOGUE ON EXPORT CONTROL POLICIES AND
PRACTICES, WILL ALLOW US TO WORK TOGETHER SO THAT THESE
CONCERNS WILL NOT ARISE IN THE FUTURE.

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WITH RESPECT TO RING MAGNETS, THIS TRANSFER IS NOT
SPECIFICALLY CONTROLLED UNDER THE NPT AND CHINESE
AUTHORITIES HAVE TOLD US THAT THEY WERE UNAWARE OF ANY
SUCH TRANSFERS.

WE WILL WORK WITH CHINA TO REACH COMMON UNDERSTANDINGS OF
THE REGULATORY AND OVERSIGHT MEASURES THAT, IN OUR VIEW,
IT SHOULD TAKE AS A RESPONSIBLE NPT PARTY.

Q: WHAT NPT PROVISIONS COULD APPLY TO THESE TRANSFERS?

A: UNDER ARTICLE I OF THE NPT, EACH NUCLEAR WEAPON STATE
PARTY TO THE TREATY AGREES:

..... NOT TO TRANSFER TO ANY RECIPIENT WHATSOEVER NUCLEAR
WEAPONS OR OTHER NUCLEAR EXPLOSIVE DEVICES OR CONTROL OVER
SUCH WEAPONS OR EXPLOSIVE DEVICES DIRECTLY, OR INDIRECTLY;
AND NOT IN ANY WAY TO ASSIST, ENCOURAGE, OR INDUCE ANY
NON-NUCLEAR-WEAPON STATE TO MANUFACTURE OR OTHERWISE
ACQUIRE NUCLEAR WEAPONS OR OTHER NUCLEAR EXPLOSIVE
DEVICES, OR CONTROL OVER SUCH WEAPONS OR EXPLOSIVE
DEVICES."

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IN ADDITION, UNDER ARTICLE III, EACH STATE PARTY AGREES:

NOT TO PROVIDE: (A) SOURCE OR SPECIAL FISSIONABLE
MATERIAL, OR (B) EQUIPMENT OR MATERIAL ESPECIALLY DESIGNED
OR PREPARED FOR THE PROCESSING, USE OR PRODUCTION OF

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SPECIAL FISSIONABLE MATERIAL, TO ANY NON-NUCLEAR-WEAPON STATE FOR PEACEFUL PURPOSES, UNLESS THE SOURCE OR SPECIAL FISSIONABLE MATERIAL SHALL BE SUBJECT TO THE SAFEGUARDS (OF THE INTERNATIONAL ATOMIC ENERGY AGENCY)...

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LEGAL OBLIGATIONS

Q: IS THE ADMINISTRATION EVADING THE LAW?

A: NO. WE ARE ACTING FULLY IN ACCORDANCE WITH THE LAW. WE CONDUCTED AN EXHAUSTIVE REVIEW OF THE APPLICABILITY OF SECTION 825 BEFORE CONCLUDING THERE WAS NOT A SUFFICIENT BASIS FOR DETERMINING THAT ONE OF ITS REQUIREMENTS (I.E., WILLFULNESS) HAS BEEN MET. WHILE WE WERE COMPLETING OUR REVIEW, AND IN ORDER NOT TO PREJUDICE OUR DETERMINATION ON THIS MATTER, WE INVOKED A DIFFERENT LAW--THE CHAFEE AMENDMENT, UNDER THE EXPORT/IMPORT BANK ACT--TO MAKE CERTAIN THAT NO FINAL DECISIONS WERE TAKEN BY THE EX-IM BANK BOARD THAT WOULD BE INCONSISTENT EITHER WITH A DETERMINATION THAT SANCTIONABLE ACTIVITY HAD OCCURRED UNDER SECTION 825, OR WITHOUT CONCLUDING THAT SANCTIONABLE ACTIVITY OCCURRED UNDER SECTION 825.

Q: IS THE ADMINISTRATION EVADING CONGRESSIONAL SCRUTINY BY AVOIDING SECTION 825 SANCTIONS?

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A: NO. WE HAVE KEPT CONGRESS FULLY INFORMED, INCLUDING THROUGH SEVERAL CLASSIFIED BRIEFINGS AND WILL CONTINUE TO DO SO.

TRIGGERING SECTION 825 REQUIRES A DETERMINATION THAT CHINA, SINCE MID-1994, WILLFULLY AIDED OR ABETTED THE ACQUISITION OF UNSAFEGUARDED NUCLEAR MATERIAL BY PAKISTAN. WE HAVE CONCLUDED THAT THERE IS NOT A SUFFICIENT BASIS FOR MAKING THAT DETERMINATION.

Q: IF MORE MAGNETS ARE SHIPPED, WILL SECTION 825 SANCTIONS BE IMPOSED?

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A: I CANNOT PREDICT OUR RESPONSE TO A HYPOTHETICAL SITUATION. WE WOULD HAVE TO CONSIDER THAT NEW INFORMATION AND WOULD ACT IN ACCORDANCE WITH THE LAW.

IMPLEMENTING THE PEACEFUL NUCLEAR COOPERATION AGREEMENT

Q: WHAT WOULD CHINA HAVE TO DO TO IMPLEMENT THE 1985

PEACEFUL NUCLEAR COOPERATION AGREEMENT WITH THE U.S. TO ALLOW AMERICAN COMPANIES TO SELL PEACEFUL NUCLEAR TECHNOLOGY TO CHINA?

A: THERE ARE A NUMBER OF REPORTS AND PRESIDENTIAL CERTIFICATIONS THAT MUST BE PROVIDED TO THE CONGRESS TO PERMIT FULL IMPLEMENTATION OF THE U.S.-CHINA AGREEMENT FOR

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PEACEFUL NUCLEAR COOPERATION. CHINA'S COMMITMENTS WILL PROVIDE A SOLID BASIS FOR PURSUING THE ADDITIONAL STEPS NECESSARY TO PROVIDE THE REQUISITE CERTIFICATIONS THAT CHINA IS NOT COOPERATING WITH NUCLEAR WEAPONS ACTIVITIES OF OTHER COUNTRIES.

BACKGROUND: THE PRESIDENT MUST CERTIFY THAT CHINA IS NOT IN VIOLATION OF SECTION 129 (2) OF THE ATOMIC ENERGY ACT (RELATING TO ASSISTANCE TO NUCLEAR WEAPONS ACTIVITIES OF THIRD COUNTRIES), AND THAT CHINA HAS PROVIDED CLEAR AND UNEQUIVOCAL ASSURANCES TO THE U.S. THAT IT IS NOT ASSISTING AND WILL NOT ASSIST ANY NON-NUCLEAR-WEAPON STATE IN ACQUIRING NUCLEAR EXPLOSIVES OR MATERIALS AND COMPONENTS FOR THAT PURPOSE.)

13. ASMARA MINIMIZE CONSIDERED.
MONROVIA MINIMIZE CONSIDERED.
SARAJEVO MINIMIZE CONSIDERED.
CHRISTOPHER

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DOC_NUMBER: 96STATE024648

CHANNEL: n/a

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USIA FOR EA; TOKYO FOR CYNKIN YAMAUCHI; MOSCOW FOR FERGIN

E.O. 12958: N/A

TAGS: OPRC XE US

SUBJECT: FEBRUARY 7 PRESS GUIDANCES FOR THE EAP REGION

ALL POSTS -- ALSO FOR USIS
SECDEF ---ALSO FOR OASD/PA
USCINCPAC FOR FRA SALMON
USVIENNA FOR UNVIE
PARIS FOR ZEYA
BEIJING -- PASS CHENGDU

1. INDEX

--CHINA, PAKISTAN, AND RING MAGNETS (PARAS 2-3)
--CHINA: RUSSIAN SU-27 TRANSFER (PARAS 4-5)
--CHINA/IRAN CRUISE MISSILE TRANSFER (PARAS 6-7)
--CHINA: U.S. SATELLITE EXPORTS (PARAS 6 AND 8)
--CHINA/TAIWAN: MILITARY MANEUVERS (PARAS 6 AND 9)
--TAIWAN: F-16 DELIVERIES (PARAS 6 AND 10)
--STATE AUTHORIZATION BILL: TAIWAN ARMS SALES (PARAS 6
AND 11)

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2. THE FIRST ANSWER FROM THE FOLLOWING GUIDANCE,
PREPARED ON 2/7/96, WAS USED AT THAT DAY'S PRESS BRIEFING
BY DEPUTY SPOKESMAN GLYN DAVIES. POSTS MAY DRAW FROM THE
REMAINDER ON AN IF ASKED BASIS.

3. CHINA, PAKISTAN, AND RING MAGNETS

Q: DO YOU HAVE ANY FURTHER INFORMATION ON WHAT THE U.S.

IS DOING REGARDING REPORTS THAT CHINA TRANSFERRED
NUCLEAR-WEAPONS TECHNOLOGY TO PAKISTAN?

A: THE U.S. HAS CONCERNS ABOUT THE POSSIBLE TRANSFERS OF
NUCLEAR-RELATED MATERIAL AND TECHNOLOGY BETWEEN CHINA AND
PAKISTAN. WE HAVE RAISED THESE CONCERNS IN OUR
DISCUSSIONS WITH BOTH THE CHINESE AND THE PAKISTANI
GOVERNMENTS AT VERY SENIOR LEVELS.

WE RAISED THESE CONCERNS IN DISCUSSIONS THIS WEEK DURING
THE VISIT OF CHINESE VICE FOREIGN MINISTER LI.

THE U.S. OBJECTS TO ANY TRANSFERS FROM CHINA TO PAKISTAN
THAT WOULD CONTRAVENE CHINA'S OBLIGATIONS UNDER THE NPT
AND THAT COULD HELP PAKISTAN IN THE DEVELOPMENT OF
NUCLEAR WEAPONS.

AT THIS POINT, WE HAVE NOT DETERMINED THAT CHINA HAS
VIOLATED THE NPT, NOR THAT IT HAS ENGAGED IN ACTIVITIES
THAT WOULD TRIGGER SANCTIONS UNDER U.S. LEGISLATION.
THIS IS UNDER ACTIVE REVIEW AND REASSESSMENT.

Q: WOULD THE U.S. IMPOSE SANCTIONS?
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A: WE TAKE THESE ALLEGATIONS SERIOUSLY, AND WE WILL
FULFILL THE REQUIREMENTS OF U.S. LAW.

WE HAVE TO THOROUGHLY EVALUATE EVIDENCE BEFORE WE TAKE
ANY STEPS THAT HAVE POLITICAL AND ECONOMIC CONSEQUENCES.

AS THE U.S. HAS DEMONSTRATED IN OTHER AREAS INVOLVING
SANCTIONS FOR PROLIFERATION ACTIVITIES, IT WILL NOT
HESITATE TO IMPOSE SANCTIONS AS REQUIRED BY LAW, AS IT
DID WHEN IT IMPOSED SANCTIONS AGAINST BOTH CHINESE AND
PAKISTANI ENTITIES IN AUGUST 1993 FOR THE TRANSFER OF
MISSILE EQUIPMENT.

SIMILARLY, WHEN IT IS IN THE U.S. INTEREST TO WAIVE THE
IMPOSITION OF SANCTIONS, WE WILL DO SO, AS WE DID IN

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OCTOBER 1994 WHEN WE WAIVED THE AUGUST 1993 SANCTIONS ON CHINA AFTER CHINA PUBLICLY PLEDGED NOT TO EXPORT LONG-RANGE GROUND-TO-GROUND MISSILES.

Q: IF THE U.S. IMPOSES SANCTIONS AGAINST CHINA FOR THE TRANSFER OF NUCLEAR-RELATED ITEMS TO PAKISTAN, WHAT WOULD BE THE EFFECT ON U.S. BUSINESSES AND EXPORT-IMPORT FINANCING?

A: THE ADMINISTRATION IS FULLY AWARE THAT ANY SANCTIONS ON CHINA COULD HAVE SERIOUS CONSEQUENCES FOR U.S. BUSINESSES. WE DO NOT WANT TO PREEMPTIVELY TRY TO SUGGEST THE IMPACT OF SANCTIONS.

BACKGROUND

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SECTION 825 OF THE NUCLEAR PROLIFERATION PREVENTION ACT OF 1994 PROHIBITS APPROVALS OF EXPORT-IMPORT BANK FINANCING FOR COUNTRIES THAT WILLFULLY AID OR ABET A NON-NUCLEAR WEAPONS STATE TO ACQUIRE NUCLEAR WEAPONS OR UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL.

ALMOST ALL U.S. EXPORTS TO CHINA OF HIGH-VALUE ITEMS, SUCH AS AIRPLANES AND POWER-GENERATING EQUIPMENT, ARE ELIGIBLE EXIMBANK FINANCING.

EXIMBANK FINANCING PERMITS U.S. BUSINESSES TO COMPETE MORE EFFECTIVELY AGAINST OTHER COMPETITORS WHICH ALL HAVE ACCESS TO OFFICIAL EXPORT FINANCING. THE EXIMBANK IS CURRENTLY CONSIDERING PROJECTS FOR CHINA VALUED AT APPROXIMATELY 10 BILLION DOLLARS.

Q: WILL THE U.S. UPHOLD ITS NON-PROLIFERATION GOALS EVEN IN THE FACE OF THE POSSIBLE ECONOMIC CONSEQUENCES OF SUCH SANCTIONS?

A: A DETERMINATION ON SANCTIONS WILL BE BASED ON THE FACTS AND AS REQUIRED BY LAW.

THE ADMINISTRATION IS COMMITTED TO ASSISTING U.S. COMPANIES TO EXPORT TO IMPORTANT EMERGING MARKETS, INCLUDING CHINA AND PAKISTAN, AND TO IMPROVE THE HIGHLY NEGATIVE TRADE IMBALANCE WITH CHINA.

U.S. EXPORTS TO THE CHINESE MARKET ARE EXPANDING BY SOME 15 PERCENT PER YEAR, AND PROVIDE IMPORTANT EMPLOYMENT

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OPPORTUNITIES FOR AMERICANS.

HOWEVER, THE ADMINISTRATION ALSO HAS AS ONE OF ITS HIGHEST PRIORITIES THE CONTROLLING THE SPREAD OF WEAPONS OF MASS DESTRUCTION AND THEIR DELIVERY SYSTEMS. THE U.S. WILL CONTINUE TO BALANCE THESE CRITICAL GOALS IN DECIDING UPON THE COURSE OF ACTION IN THE EVENT THAT A DETERMINATION IS MADE REQUIRING THE IMPOSITION OF SANCTIONS.

Q: WHAT SANCTIONS MIGHT BE RELEVANT TO REPORTED TRANSFERS OF NUCLEAR-RELATED EQUIPMENT FROM CHINA TO PAKISTAN?

A: THE SANCTIONS LAWS WHICH MIGHT BE RELEVANT INCLUDE:

--SECTION 821 OF THE NONPROLIFERATION PREVENTION ACT (NPPA), WHICH PROHIBITS US GOVERNMENT PROCUREMENT FROM PRIVATE ENTITIES THAT KNOWINGLY AND MATERIALLY CONTRIBUTE TO THE ACQUISITION OF NUCLEAR WEAPONS OR UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL BY A NON-NUCLEAR WEAPONS STATE;

--SECTION 822 OF THE NPPA, WHICH PROHIBITS THE SALE OR LEASE UNDER THE ARMS EXPORT CONTROL ACT (AECA) TO ANY COUNTRY THAT MATERIALLY BREACHES ITS COMMITMENTS TO THE U.S. UNDER A NON-PROLIFERATION TREATY OR AGREEMENT;

--SECTION 824 OF THE NPPA, WHICH PROVIDES FOR SANCTIONS AGAINST FINANCIAL ENTITIES THAT ASSIST IN IMPROPER OR ILLEGAL NUCLEAR-RELATED COOPERATION;

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--SECTION 825 OF THE NPPA, WHICH PROHIBITS APPROVAL OF EXPORT-IMPORT BANK FINANCING FOR COUNTRIES WHICH WILLFULLY AID OR ABET A NON-NUCLEAR WEAPONS STATE TO ACQUIRE NUCLEAR WEAPONS OF UNSAFEGUARDED SPECIAL NUCLEAR MATERIAL;

--THE "SYMINGTON AMENDMENT," SECTION 101 OF THE AECA, WHICH PROHIBITS ECONOMIC AND MILITARY ASSISTANCE FOR COUNTRIES THAT DELIVER OR RECEIVE NUCLEAR ENRICHMENT EQUIPMENT, MATERIALS OR TECHNOLOGY, UNLESS UNDER INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) FULL-SCOPE SAFEGUARDS;

--THE "GLENN AMENDMENT," SECTION 102 OF THE AECA, WHICH PROVIDES FOR EXTENSIVE SANCTIONS AFFECTING ECONOMIC AND MILITARY RELATIONS WITH COUNTRIES THAT TRANSFER TO A NON-NUCLEAR WEAPONS STATE "ANY DESIGN INFORMATION OR COMPONENT" THAT IS IMPORTANT TO NUCLEAR WEAPONS DEVELOPMENT AND IS KNOWN BY THE TRANSFERER TO BE INTENDED FOR SUCH USE.

VARIOUS WAIVER STANDARDS AND CONGRESSIONAL NOTIFICATIONS APPLY TO EACH OF THESE PROVISIONS, AND THE U.S. HAS THESE MATTERS UNDER CONSTANT REVIEW.

4. DEPUTY SPOKESMAN GLYN DAVIES USED PORTIONS OF THE FIRST ANSWER FROM THE FOLLOWING GUIDANCE, PREPARED ON 2/7/96, AT THAT DAY'S PRESS BRIEFING. POSTS MAY DRAW FROM THE REMAINDER ON AN IF ASKED BASIS.

5. CHINA -- RUSSIAN SU-27 TRANSFER
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Q: CAN YOU COMMENT ON A STORY TODAY IN THE NEW YORK TIMES THAT THE U.S. APPROVED THE SALE BY RUSSIA OF ADDITIONAL SU-27S TO CHINA?

A: WE UNDERSTAND THAT RUSSIA INTENDS TO SELL MORE SU-27 FLANKERS TO CHINA. RUSSIA INFORMED US IN DECEMBER 1995 OF THE PLANNED SALE OF A SECOND BATCH OF 24 PLANES. THE PLANES WILL LIKELY BE DELIVERED OVER A PERIOD OF YEARS.

SINCE 1985 CHINA HAS BEEN SLOWLY MODERNIZING ITS MILITARY. THE MODERNIZATION HAS BEEN VERY UNEVEN, AND THE EFFECTIVENESS OF NEW EQUIPMENT HAS BEEN LIMITED BY POOR LOGISTICAL COORDINATION AND COMMUNICATIONS. THE SU-27 IS MORE ADVANCED THAN CHINA'S INDIGENOUSLY PRODUCED FIGHTERS, AND IT WILL BE SOME TIME BEFORE THE SU-27S CAN BE PROPERLY INTEGRATED INTO THE CHINESE AIR FORCE.

WHILE WE ARE MONITORING CHINA'S MODERNIZATION, WE BELIEVE THAT THESE TRANSFERS DO NOT SIGNIFICANTLY ALTER THE BALANCE OF POWER IN THE REGION, INCLUDING THE TAIWAN STRAIT. THE TRANSFERS ARE IN LINE WITH THE REGION'S CURRENT UPGRADING OF DEFENSE CAPABILITIES AND WITH CHINA'S RECENT ECONOMIC GROWTH.

IF PRESSED

THE RUSSIANS DID NOT CONSULT US ABOUT THE SALES IN ADVANCE. THEY SIMPLY INFORMED US. THEY NEITHER SOUGHT OUR APPROVAL NOR DID WE PROVIDE IT.

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IF ASKED ABOUT THE NYT REPORT'S NUMBER 72, INSTEAD OF 48

WE CANNOT COMMENT ON THE ACCURACY OF THE PRESS REPORT. THAT WOULD REPRESENT A THIRD BATCH OF 24 PLANES, WHICH WOULD CONSTITUTE ONE WING.

6. THE FOLLOWING PRESS GUIDANCES, PREPARED ON 2/7/96, WERE NOT USED AT THAT DAY'S PRESS BRIEFING. POSTS MAY DRAW FROM THEM ON AN IF ASKED BASIS.

7. CHINA-IRAN CRUISE MISSILE TRANSFER

Q: DOESN'T THIS TRANSFER TRIGGER MANDATORY SANCTIONS UNDER U.S. LAW?

A: RECENT REPORTS OF AN IRANIAN TEST OF THE CHINESE-BUILT C-802 CRUISE MISSILE OBVIOUSLY BEAR ON THE QUESTION OF WHETHER SUCH MISSILES WERE TRANSFERRED, WHICH IS ONE OF THE ELEMENTS IN THE SANCTIONS LAW.

THEY DO NOT TELL US, HOWEVER, HOW MANY MISSILES MAY HAVE BEEN TRANSFERRED, AND WHETHER A TRANSFER CONTRIBUTED KNOWINGLY AND MATERIALLY TO EFFORTS BY IRAN TO ACQUIRE "DESTABILIZING NUMBERS AND TYPES OF ADVANCED CONVENTIONAL WEAPONS."

THE LATTER CRITERIA ARE KEY TRIGGERS FOR SANCTIONS IN THE IRAN-IRAQ ARMS NON-PROLIFERATION ACT.

WE ARE LOOKING CAREFULLY AT ALL AVAILABLE INFORMATION TO DETERMINE WHETHER SANCTIONS LEGISLATION IS APPLICABLE IN

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THIS CASE.

Q: WHEN DO YOU EXPECT TO MAKE A DETERMINATION REGARDING SANCTIONS?

A: WE ARE ACTIVELY PURSUING THE MATTER, BUT DO NOT HAVE A FIXED TIME PERIOD.

8. CHINA -- U.S. SATELLITE EXPORTS

Q: WHAT CAN YOU TELL US ABOUT THE ADMINISTRATION'S DECISION TO ALLOW SATELLITE SALES TO CHINA?

A: ON FEBRUARY 6, THE PRESIDENT ANNOUNCED THAT HE HAD

Date Printed: 07/17/1997

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WAIVED RESTRICTIONS ON THE EXPORT OF SATELLITE TECHNOLOGY TO CHINA FOR THREE PROJECTS, STEMMING FROM THE TIANANMEN RELATED SANCTIONS OF 1990. THESE SANCTIONS HAVE BEEN WAIVED FOR PREVIOUS SATELLITE EXPORTS, AFTER CONSULTATIONS WITH CONGRESS. TWO OF THE PROJECTS WILL ENHANCE VOICE, DATA AND TELEVISION TRANSMISSION IN CHINA. THE OTHER WILL PROVIDE VOICE AND DATA TRANSMISSION FOR THE PHILIPPINES.

THE PRESIDENT'S DECISION WAS BASED ON THE FACT THAT ALL THREE PROJECTS UTILIZE COMMERCIAL SATELLITE TECHNOLOGY THAT WILL NOT CONTRIBUTE TO CHINESE MILITARY CAPABILITIES AND THEY ARE ALL UNDERTAKEN WITH APPROPRIATE SAFEGUARDS.

I WOULD REFER YOU TO THE DEPARTMENT OF COMMERCE FOR ADDITIONAL DETAILS.

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IF ASKED

THESE WAIVERS ARE FOR EXPORTS OF SATELLITE TECHNOLOGY ONLY. THEY DO NOT INVOLVE EXIM FINANCING.

9. CHINA/TAIWAN -- MILITARY MANEUVERS

Q: DO YOU HAVE ANY COMMENT ON CHINA'S EFFORTS TO THREATEN TAIWAN AND INFLUENCE THEIR ELECTIONS BY CONDUCTING MILITARY MANEUVERS? WHAT IS THE U.S. SECURITY COMMITMENT TO TAIWAN?

A: TO OUR KNOWLEDGE, THE CHINESE HAVE NOT CHANGED THEIR FUNDAMENTAL POLICY OF SEEKING PEACEFUL REUNIFICATION WITH TAIWAN.

WE DO NOT SEE EVIDENCE SUPPORTING THE VIEW THAT CHINA'S INTENTIONS HAVE ALTERED. WE, NEVERTHELESS, ARE MONITORING THE SITUATION CLOSELY.

THE LONG-STANDING POSITION OF THE UNITED STATES IS THAT THE FUTURE OF TAIWAN IS A MATTER FOR THE CHINESE PEOPLE

THEMSELVES, ON BOTH SIDES OF THE TAIWAN STRAIT, TO RESOLVE, BUT THAT WE HAVE AN ABIDING INTEREST THAT ANY RESOLUTION BE PEACEFUL.

THE TAIWAN RELATIONS ACT (TRA) STATES THAT IT IS THE POLICY OF THE UNITED STATES "TO CONSIDER ANY EFFORT TO DETERMINE THE FUTURE OF TAIWAN BY OTHER THAN PEACEFUL MEANS...A THREAT TO THE PEACE AND SECURITY OF THE WESTERN PACIFIC AREA AND OF GRAVE CONCERN TO THE UNITED STATES."

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PROVOCATIVE MILITARY EXERCISES OR OTHER INTIMIDATING EXHIBITIONS OF MILITARY POWER ARE NOT HELPFUL TO PROMOTING AN ATMOSPHERE OF PEACE AND STABILITY IN THE AREA.

WE WILL CONTINUE TO URGE BOTH SIDES TO REFRAIN FROM ANY ACTIONS WHICH WOULD INCREASE TENSIONS IN THE REGION.

10. TAIWAN -- F-16 DELIVERIES

Q: WHAT IS THE STATUS OF U.S. ARMS SALES TO TAIWAN? WHAT IS THE TIMETABLE FOR DELIVERY OF F-16S?

A: OUR POLICY REGARDING ARMS SALES TO TAIWAN REMAINS UNCHANGED.

TAIWAN WILL BEGIN TO TAKE POSSESSION OF THE FIRST OF ITS F-16 A/B AIRCRAFT DURING THE FIRST HALF OF NEXT YEAR.

THE F-16 PROGRAM IS BEING EXECUTED WITH SPEED AND CARE TO ENSURE THAT TAIWAN WILL HAVE EFFECTIVE EQUIPMENT AND THE ABILITY TO UTILIZE IT AS SOON AS POSSIBLE.

11. STATE AUTHORIZATION BILL -- TAIWAN ARMS SALES

Q: DO YOU HAVE ANY REACTION TO THE PROPOSED AMENDMENT TO THE TAIWAN RELATIONS ACT IN THE STATE DEPARTMENT AUTHORIZATION BILL WHICH STATES THAT THE ACT "SUPERSEDES" THE 1982 JOINT COMMUNIQUE WITH THE PRC ON ARMS SALES TO

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TAIWAN?

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A: WE HAVE PREVIOUSLY EXPRESSED OUR OPPOSITION TO AMENDING THE TAIWAN RELATIONS ACT (TRA), AND THE DEPARTMENT IS OPPOSED TO THIS PROPOSED AMENDMENT.

THERE IS NO QUESTION THAT THE TRA TAKES PRECEDENCE OVER THE STATEMENTS OF POLICY EXPRESSED IN JOINT COMMUNIQUE. WITH THE PRC.

THE TAIWAN RELATIONS ACT AND THE 1982 COMMUNIQUE HAVE BEEN COMPLEMENTARY ELEMENTS IN OUR POLICY. THE FORMER HAS PROVIDED THE MEANS FOR OUR CONTINUED SUPPORT FOR TAIWAN'S SELF-DEFENSE CAPABILITY, WHILE THE LATTER FORMS THE BASIS FOR THE UNDERSTANDING WITH THE PRC THAT ANY RESOLUTION OF THE DIFFERENCES BETWEEN TAIWAN AND THE MAINLAND MUST BE ACHIEVED THROUGH PEACEFUL MEANS.

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United States Department of State

Washington, D.C. 20520

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July 24, 1986

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COPIES TO:

MEMORANDUM FOR DONALD P. GREGG
THE WHITE HOUSES/S
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SUBJECT: Middle East Trip: Updated Briefing Papers

We are forwarding updated versions of the below listed issues papers and meeting papers for the Vice President's consideration during his upcoming visit to the Middle East.

Nicholas Platt
Executive SecretaryAttachments:

Issues Papers

- Egypt: U.S. Assistance
- Egypt: FMS Debt
- Egyptian-Israeli Natural Gas Pipeline
- Hassan-Peres Meeting

Meeting Papers

- State Dinner with Mubarak
- One-on-One with Mubarak
- Expanded Meeting with Mubarak
- MinDef Abu Ghazala
- FM Meguid
- PM Lotfy

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BRIEFING PAPER
U.S. ASSISTANCE

I. U.S. BUDGET CONSTRAINTS

- o U.S. committed to providing substantial amounts of economic and military assistance to Egypt, but budget constraints preclude higher levels
- o It will be difficult for us to obtain from Congress full amount of our FY 87 request (below):
 - ESF - \$815 million; PL - 480 - \$189.9; FMS - \$1.3 billion

II. WHAT EGYPTIANS WANT

- o Increase in the cash component of ESF from \$115 million to \$500 million in each of the next three years to support their economic reform program
- o Egyptian economic ministers pressed hard for, but did not obtain, U.S. commitment on increased cash grant during their June visit
- o As fall back, Egyptian ministers proposed we exchange ESF dollars for Egyptian pounds for local cost components of AID projects

III. U.S. POSITION

- o We told Egyptian ministers that we can consider increasing the cash component, but need further elaboration on their economic reform program before making a commitment
- o McPherson agreed to review GOE proposal to exchange ESF dollars for Egyptian pounds
 - AID now believes that legal constraints preclude this proposal
- o We agreed to proceed immediately with disbursement of \$110 million cash component of FY 86 ESF as gesture of support for program in return for July 1 implementation of customs reform
 - Customs reform not yet implemented; we are holding back on disbursement until it is
- o Egyptian ministers disappointed with this response

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US ASSISTANCE

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Treasury: RAnderson

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BRIEFING PAPER

FMS DEBT

I. BACKGROUND

- o Egypt's FMS debt totals \$4.5 billion; average interest rate on loans is 12 percent
- o Annual interest payments now around \$540 million; 14 percent of Egypt's total debt service
- o Arrearages total \$500 million, with another \$90 million in late charges
- o Egyptians making payments just under one year late; narrowly avoiding Brooke Amendment sanctions
 - Next Brooke deadline: July 31 payment of \$1.2 million

II. WHAT EGYPTIANS WANT

- o Egyptian June reform package proposed three year moratorium on interest payments; reduction of interest rate (presumably to current market levels)
- o Mubarak has signalled he wants answer on FMS debt in order to make September visit to Washington
 - His irritation growing at lack of U.S. action to his longstanding request for relief
- o GOE strategy is to avoid Paris Club-type rescheduling by making bilateral deals with U.S., other countries

III. U.S. POSITION

- o Administration looking for ways to ease burden, but must find solution that does not require new legislation or budget resources
- o Within these constraints, State/Treasury working on ways to adjust interest rate
- o Bill Schneider told Egyptian ministers June 25 that we hope to have answer by end of this fiscal year
- o Important that Egyptians understand what is possible on FMS debt as they develop their economic reform plan
- o Any easing of FMS burden must be carefully managed to maintain the Egyptian government's momentum on reform
- o Egypt's debt problem exceeds our ability to help; real answer: comprehensive IMF-type reforms supported by multilateral debt rescheduling

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FMS DEBT

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Treasury:Randerson

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BRIEFING PAPER

EGYPTIAN-ISRAELI COOPERATION:
NATURAL GAS PIPELINE

I. BACKGROUND

- o Occidental's Armand Hammer raised with Secretary in May possibility of natural gas pipeline between Egypt and Israel
- o Hammer argues Egypt is logical supplier to Israel since its natural gas production potential exceeds current consumption
- o Hammer also sees significant political benefits to creation of such dramatic economic linkage

II. PROBLEMS

- o In addition to obvious political difficulties associated with Egyptian-Israeli cooperation, project does not seem economically viable
- o Egyptian Petroleum Minister Kandil told U.S. Embassy Cairo that Egypt willing to permit gas exports only after domestic demand is met
- o Egypt may not have natural gas for export within ten years because of growing consumption
 - One foreign oil company predicted Egypt will have natural gas shortage by early 1990's unless new reserves found
 - Uncertain whether any new reserves will be discovered

III. TALKING POINTS

- o Understand Occidental Petroleum has proposed natural gas pipeline between Egypt and Israel
- o Such a pipeline, if economically feasible, would help foster ties between Egypt and Israel
- o What is your assessment of its feasibility? Would Egypt be able to export natural gas?

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Natural Gas Pipeline

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BRIEFING PAPER
HASSAN-PERES MEETING

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I. Background

- o Hassan has met privately with Israeli leaders in the past: Rabin, Dayan and Peres.
- o In November 1985 Hassan stated in interview that he was willing to meet Peres, but drew back in face of Arab criticism.
- o Although he is Chairman of the Arab League and Islamic Conference Organization, as well as Chairman of the Jerusalem Committee, Hassan met with Peres only on his own as King of Morocco.

II. Meeting

- o Hassan and Peres met over two days. Joint communique stated that Hassan reviewed Fez Plan; Peres presented Israeli (NUG) position.
- o In speech, Hassan highlighted Peres' failure to accept Fez Plan.
- o Arab reaction has been mixed: Syria, Algeria, Iraq, Libya and PLO have been critical; Jordan, Saudi Arabia and Tunisia have refrained for the most part from public comment; Egypt has been unreservedly positive. Only Syria has taken tangible step, breaking diplomatic relations.

III. Implications for Peace Process

- o Meeting was not part of larger strategy. Although Peres, on his return, has spoken of continuing contacts, he and Hassan did not, as far as we know, agree to follow-on steps.
- o Hassan's initiative is helpful to Peres, casting him as leader actively pursuing possibilities for peace settlement.
- o Hussein, while not publicly criticizing Hassan's move, is concerned that it will further fragment Arabs, complicating his effort to bring Damascus and Baghdad together and to move to Summit.
- o Visit has enhanced credibility in Arab world of theme of direct dialogue as way to achieve peace settlement, a theme Hassan spoke to in his speech following visit.
- o Most positive impact of meeting is on psychological level: It can only ease Egypt's isolation and, within Israel, make a dent in siege mentality arising from Arab rejection.

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VICE-PRESIDENT'S STATE DINNER
WITH
PRESIDENT MUBARAK
AUGUST 3, 1986

SETTING

This is your first meeting with President Mubarak since his private visit to the U.S. in September 1985, when you hosted a lunch in his honor. You should try to use this opportunity to preview with Mubarak several issues you will raise in the private meeting; expect that President Mubarak will do the same with you.

OBJECTIVES

-- Reaffirm the strength of U.S./Egyptian bilateral relations.

-- As appropriate, preview several of the principal issues to be raised later in private.

ISSUES

- U.S./Egyptian Relations
- Egyptian Economic Situation
- Egypt-Israel

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U.S.-Egyptian Relations

- U.S. relations with Egypt are extremely good. As indicative of the deep friendship that exists between our two countries, both President Mubarak and President Reagan have committed themselves and their governments to the goals of mutual cooperation and trust.
- I see my trip as an expression of the strong relationship that exists between our two nations and as an extension of the close ties that are found between senior officials of both governments.

Egyptian Economic Situation

- The U.S. Government is following with sympathy and concern developments in your economy.
- The economic reform program presented in June in Washington is a serious and broad-ranging effort to deal with your economic problems. We strongly support its objectives and want to work closely with you as you move to implement it.
- We are looking carefully at ways we can support your program by reshaping our assistance.
- We also believe that the technical and financial assistance of the IMF and the World Bank are essential and we are willing to help you reach agreement with them.

Egypt-Israel

- We are pleased by the progress that has been made on the compromise and are confident the remaining issues can be settled quickly. As you know, we will do what we can to help achieve closure.
- It is important to keep up the momentum and not let technical problems (marking claims, selecting arbitrators, etc.) cloud the outlook.
- The return of the ambassador and other improvements in the Egyptian-Israeli relationship will contribute importantly to the climate needed to further the peace process. A summit with Prime Minister Peres would be particularly productive in this regard.

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VICE PRESIDENT'S ONE-ON-ONE MEETING
WITH PRESIDENT MUBARAK
August 4, 1986

SETTING

This is your major substantive meeting with President Mubarak and the key substantive event of your visit to Egypt. This meeting will be followed by a brief expanded session which will provide an opportunity to focus on Egypt's economic problems in more depth. Although you will want in this meeting to cover all issues of concern to us, you should bore in on our key concerns: resolution of the Taba dispute and serious engagement by the Egyptian government with us on economic reform. Mubarak, impatient that we have not responded positively on the issue of FMS debt relief, will stress Egypt's critical need for more assistance and the domestic considerations which constrain his actions on economic reform and Egyptian-Israeli relations.

OBJECTIVES

- To move Taba to arbitration (or otherwise resolve dispute) as essential step toward better Egyptian-Israeli ties.
- To commit Mubarak to develop and implement a workable economic reform program and to engage seriously with us, the IMF and the IBRD.
- To coordinate approaches on peace process, with focus on building up Hussein vis-a-vis Arafat.
- To develop Egyptian role for improving quality of life in Gaza.
- To enhance prospects for ad hoc and eventually routine NPW transits.
- Strengthen U.S.-Egyptian cooperation vis a vis Sudan, Libya and the Iran-Iraq war.

ISSUES

- Egyptian-Israeli Relations: Taba
- Egypt's Economic Situation
- Peace Process
- Quality of Life: Egyptian Role
- NPW Transits
- Sudan/Libya/Iran-Iraq

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TALKING POINTS

Egyptian-Israeli Relations

-- We are pleased by the progress that has been made on the compromise and are confident the remaining issues can be settled quickly. We will do what we can to help achieve closure.

-- It is important to keep up the momentum and not let technical problems (marking claims, selecting arbitrators, etc.) cloud the outlook.

-- The return of the ambassador and other improvements in the Egyptian-Israeli relationship will contribute importantly to the climate needed to further the peace process. A summit with Prime Minister Peres would be particularly productive in this regard.

Egyptian Economic Situation

-- I had full report of discussions your economic ministers held in Washington last month.

-- Your program is serious and comprehensive and we fully support its objectives. We are prepared to explore it with you in detail.

-- We can consider your request for significant increase in cash assistance but we - and Congress - must be confident that such assistance will be part of a total effort that can stabilize your economy and eventually achieve sustained growth.

-- We believe it essential to involve both Bank and Fund at an early date. Their technical and financial support will be needed to make your program work. An important objective of further discussions with you on your program is to arrive at a position where we can actively support your efforts to reach agreement with Bank and Fund

-- We recognize burden of FMS interest rates on Egyptian economy. FMS debt relief is a complex and difficult problem. We have been working intensively on it and we hope to have an answer soon

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Peace Process

-- Egypt's positive response to King Hassan's initiative is testimony to your unflagging commitment to the achievement of a just and lasting peace in the Middle East.

-- I would appreciate hearing your views on the effect on the region of this historic development.

-- We remain committed to the positions put forward in the President's Sept 1, 1982 peace initiative, which in our view remain viable.

-- We should not lose sight of the progress that was achieved last year. But time is not on our side, and we share Egypt's concern that we must go forward or risk slipping back.

-- The PLO has not demonstrated an ability to make the decisions necessary for peace. We must work together closely to support Hussein and help him obtain the responsible Palestinian backing he needs to step forward.

Quality of Life: Egyptian Role

-- It is vitally important that the Palestinians who want peace not lose hope. We are particularly concerned about those living in the West Bank and Gaza.

-- We would like to have an active dialogue with Egypt on ideas to improve the quality of Palestinian life, particularly in the Gaza area.

NPW Transits

-- We were pleased to see press reports that your government is working out procedures to permit NPW transits.

-- It is in your interest and ours that we have the flexibility to move our naval assets promptly to respond to continued instability in the region.

-- We want to sit down with you and resolve the issue. The crisis atmosphere and unwanted publicity surrounding exceptional transits are not healthy for our relationship.

-- (If raised) We are prepared to work out the questions of

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fees for past transits when we sit down together.

Libya/Sudan/Iran-Iraq War

-- As we see it, Qadhafi continues to exercise ultimate authority in Libya, but is under increasing pressure because of U.S. actions, a tougher European stance, failures in Chad, and serious economic problems. How do you see the situation in Libya?

-- We will continue to treat Qadhafi as a pariah, working with Egypt, others in the region and the EC to isolate him.

-- We still worry about Libyan influence in the Sudan and the slowness of the new government to come to grips with Sudan's problems. We should stay in close touch on developments in Sudan.

-- I know you share our concern about Iraq's ineffective and self-defeating strategy in the war against Iran. If you agree, I would urge you to express these concerns directly to Saddam Hussein.

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MEETING PAPER

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VICE PRESIDENT'S EXPANDED MEETING
WITH EGYPTIAN PRESIDENT HOSNI MUBARAK
AUGUST 4, 1986

SETTING

Following your one-on-one meeting with President Mubarak, you will likely be joined by Prime Minister Lotfy, Foreign Minister Abdel Meguid, Presidential Advisor Osama El Baz, and other Egyptian officials. Mubarak's foremost domestic concern is the deteriorating economy, and he will certainly pursue this issue with you. Three of his economic ministers presented a draft economic reform program last month in Washington to the U.S. Government, IMF, and World Bank. Although the program is serious and broad-ranging, the program has many weak points and falls short of the effort needed to win IMF and World Bank financial support.

Mubarak will press for our support of the program, arguing that the plan is the maximum the Egyptians can implement without provoking domestic unrest. He will ask that we provide financial support for the package by increasing the cash component of our \$815 million economic assistance program from \$115 million to \$500 million annually. He will also push for our help in obtaining financial assistance for the program from the IMF, World Bank, and other donor countries. Finally, Mubarak is increasingly irritated and impatient over his longstanding request for military (FMS) debt relief. He will press aggressively for action.

OBJECTIVES

-- Encourage Mubarak to develop and implement a workable economic reform program which can be supported by the U.S., IMF, and World Bank.

-- Reaffirm our willingness to reshape our economic assistance program if the Egyptians implement such a reform program.

-- Convince Mubarak that we are doing our best to find an acceptable means of easing the FMS debt burden, but that economic reform is the real answer to Egypt's debt problems.

ISSUES

- Egyptian Economic Situation
- June Economic Reform Program
- U.S. Assistance
- FMS Debt Relief

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TALKING POINTS

Egyptian Economic Situation

-- The U.S. Government is following very closely developments in your economy and understands that the serious problems you face will make the coming years very difficult.

-- Events beyond your control, such as the sharp drop in oil prices and the unfortunate impact of terrorism on the tourism industry, have exacerbated the situation.

-- We are encouraged by your evident determination to deal wisely and firmly with Egypt's serious economic problems.

-- You can be assured that President Reagan and his Administration stand squarely behind you as you deal with this serious challenge.

June Economic Reform Program

-- The economic reform program presented in June in Washington is a serious and broad-ranging effort to deal with your economic problems.

-- We fully share the objectives of your reform program -- promotion of sustained growth without endangering social stability.

-- We have a number of questions on various elements of your program and believe further elaboration on specific measures would be necessary.

-- Our experts would like to explore further with your officials the impact of these measures and how they will be monitored and implemented.

-- We believe that it is essential to involve both the IMF and World Bank. Their financial assistance will be necessary to mobilize sufficient economic resources to support your reform program.

-- When we have assured ourselves that your program is workable, we will actively support your efforts to reach agreement with these two institutions.

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U.S. Assistance

-- We are prepared to consider your request for an increase in the cash portion of our economic assistance as you further develop and implement your economic reform program.

-- In justifying to Congress an increase in cash assistance, the Administration must be able to demonstrate that Egypt has a workable reform program.

-- The Administration will continue to seek substantial economic assistance for Egypt to help promote economic growth and deal with your immediate financial problems.

-- However, our own difficult budget situation will make it difficult to maintain the full level of our FY 87 request in Congress.

Foreign Military Sales (FMS) Debt Relief

-- The Administration fully understands that you consider the interest payments on the military debt owed to the U.S. to be an unwelcome burden on the Egyptian economy.

-- FMS debt relief is a complex and difficult issue affecting many of our friends. It has significant implications for our overall budget situation, domestic credit policy, and international debt policy.

-- In response to your government's concerns, we have been working on the problem particularly intensively in recent weeks.

-- I can assure you that any solution we find will be applied to Egypt.

-- We hope to have an answer to this issue soon.

-- Implementation of comprehensive economic reform is the long-term answer to your debt problem.

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Expanded Mubarak Meeting

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VICE PRESIDENT'S MEETING WITH
DEFENSE MINISTER FIELD MARSHAL ABU GHAZALA
AUGUST 4, 1986

SETTING

Abu Ghazala is the second most important figure in the Egyptian leadership -- he is Senior Deputy Prime Minister as well as Minister of Defense -- and is widely perceived to be the logical successor should Mubarak die or leave office. His position was enhanced by the military's quick and decisive performance in ending the rioting of police recruits in February and restoring public order. Among the current Egyptian leadership, Abu Ghazala has been the most positive and forthright in perceiving a convergence of U.S. strategic interests in the region and Egypt's goals of rebuilding its military, reconstituting its economy, reintegrating with the Arab world, and maintaining peace with Israel.

You last met with Abu Ghazala in Washington on June 19. In addition to defense related issues, the Field Marshal discussed with you and other U.S. officials Egypt's request for FMS debt relief, the need for more aid in the form of cash rather than projects, and the domestic political restraints to Egyptian economic reform. That visit was widely touted in the government owned press as "completely successful" and important in laying the groundwork for the team of economic ministers that arrived in Washington as Abu Ghazala was departing. He will be interested in following up with you on those discussions.

OBJECTIVES

- Underscore our satisfaction with the state of U.S. Egyptian strategic relations.
- Express our appreciation for Abu Ghazala's efforts to obtain approval for NPW transits, and seek his support for a permanent solution to the problem.
- Encourage Egyptian economic reform.

ISSUES

- NPW Transits of the Suez Canal
- FMS Debt relief
- Iran-Iraq war
- Libya
- Sudan

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TALKING POINTS

NPW Transits

-- We appreciate your assistance in our recent request for the transit of the Enterprise battle group. Because the approval was conditioned on payment of the still unresolved fees for previous transits, we sent the Enterprise around the Cape.

-- As we agreed in September, we are prepared to consider the surcharges for past transits when we sit down to talk about the issue of regularized transits.

-- We are aware of President Mubarak's public statements on Egypt's requirements for NPW transits. We want to sit down as soon as possible to work out procedures for routine transits.

FMS Debt Relief

-- We are looking intensively for ways to ease Egypt's debt burden. Because of its implications for our overall budgetary situation, domestic credit policy and our international debt, it is a complex and difficult problem.

-- We hope to have something more specific by the end of this fiscal year.

-- As you know, debt relief alone cannot restore the health of the Egyptian economy. It is important that Egypt go forward with a workable economic reform program.

Iran-Iraq War

-- We continue to be very seriously troubled by the war between Iran and Iraq.

--Given Egypt's close security cooperation with Iraq, we would welcome your assessment of recent battlefield developments and any comment on Iraqi war strategy and morale.

--Can Egypt influence Saddam Hussein to improve the effectiveness of the Iraqi war effort?

--As you know, the United States has actively sought to bring an end to this destructive conflict and refused to

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supply arms to either party. We have urged others not to supply Iran until Iran indicates a willingness to negotiate an end to the war.

--We have information that China has begun a major effort to resupply Iran, including anti-shipping missiles. It would be useful to continue making your views known to the Chinese government, and in general, to be ready to make quick and vigorous approaches to countries that may consider permitting arms sales to Iran.

Libyan-Egyptian Relations

-- Qadhafi appears rattled by the U.S. strike, a tougher stance by the Europeans, and his own economic problems. He is, however, still a threat, and we will continue to work with others to isolate him.

-- (if raised) We reserve the right to maintain access to international waters world-wide. Our flights in the region near the Gulf of Sidra are not meant to provoke Qadhafi, but to reinforce that right.

-- What is your assessment of the current situation in Libya?

Sudan

-- We are concerned about the continued drift in Sudan. The Sadiq el Madhi government appears unable to come to grips with the massive problems confronting the country.

-- We are unable to restore our aid to its previous levels until the security situation for American personnel improves. In the meantime we face pressure to spend the money elsewhere.

-- Since your visit to Washington, Sadiq el Madhi has been to Moscow, but has not taken up the invitation to visit Cairo. How do you see the situation? Do you still believe that a coup is likely with six-seven months?

-- We need to remain in close touch on the situation in Sudan, particularly in light of the continued Libyan presence.

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MEETING PAPER - ABU GHAZALA

Drafted: NEA/EGY: SSavage
7/14/86 x72802 W#4760F
Cleared: NEA/EGY: DDunford
NEA/AFN: RDankert
AF/E: EMadison
PM: ASteinfeld
PM: RBeers
NEA/NGA: PBurleigh
NEA: RSuddarth

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VICE PRESIDENT'S MEETING
WITH FOREIGN MINISTER MEGUID
AUGUST 4, 1986

SETTING

You last met with Meguid during President Mubarak's private visit to the U.S. in September 1985. Foreign Minister since July 1984, Meguid is one of two foreign policy advisors--the other being Osama el Baz--who have significant influence with Mubarak. In June, Meguid visited Iraq and Eastern Europe (East Germany and Czechoslovakia).

Your meeting with Meguid should focus on the peace process and Egyptian-Israeli relations. Meguid has played an active role in the Taba negotiations, often pushing subordinates to be more flexible, and appears committed to improving Egypt's relations with Israel. Meguid will probably reiterate GOE pleas for U.S. economic assistance in the form of increased cash transfer and FMS debt relief. In addition to the peace process and Taba, he may also want to review other regional developments (Sudan, Libya, Iran-Iraq).

OBJECTIVES

- Reaffirm the strength of U.S.-Egyptian bilateral relations.
- Reaffirm our commitment to the peace process.
- Underscore our interest in improved Egyptian-Israeli relations.

ISSUES

- U.S.-Egyptian Relations
- Peace Process
- Egypt-Israel
- Sudan
- Libya
- Iran-Iraq War

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U.S.-Egyptian Relations

-- We are pleased by the continuing strength of our bilateral relationship. It is to the benefit of both that the United States and Egypt continue to work closely together to achieve common goals.

-- I appreciate this opportunity to renew my personal relationships with you, President Mubarak, and the others.

Peace Process

-- Egypt's positive response to King Hassan's initiative is testimony to your unflagging commitment to the achievement of a just and lasting peace in the Middle East.

-- I would appreciate hearing your views on the effect on the region of this historic development.

-- We remain committed to the positions put forward in the President's Sept. 1, 1982 peace initiative, which in our view remain viable.

-- We should not lose sight of the progress that was achieved last year. But time is not on our side, and we share Egypt's concern that we must go forward or risk slipping back.

-- The PLO has not demonstrated an ability to make the decisions necessary for peace. We must work together closely to support Hussein and help him obtain the responsible Palestinian backing he needs to step forward.

-- It is vitally important that the Palestinians who want peace not lose hope. We are particularly concerned about those living in the West Bank and Gaza.

-- We would like to have an active dialogue with Egypt on ideas to improve the quality of Palestinian life, particularly in the Gaza area.

Egypt-Israel

-- We are pleased by the progress that has been made on the compromise and are confident the remaining issues can be

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settled quickly. We will do what we can to help achieve closure.

-- It is important to keep up the momentum and not let technical problems (marking claims, selecting arbitrators, etc.) cloud the outlook.

-- The return of the ambassador and other improvements in the Egyptian-Israeli relationship will contribute importantly to the climate needed to further the peace process. A summit with Prime Minister Peres would be particularly productive in this regard.

Sudan

-- The new government has been slow in addressing the many pressing problems facing Sudan. What is your assessment of the prospects for the fledgling democracy?

-- The Libyan presence in Sudan is still troubling. What can we do, individually or together, to counter Qadhafi there?

-- How do you read recent Sudanese approaches to the Soviet Union and Ethiopia? Are these directed toward a resolution of the civil war in the south, or is there a more fundamental shift taking place?

Libya

-- We will continue to work with the Europeans and regional states to isolate Qadhafi.

-- Even though Qadhafi remains in control following our strike in April, he appears to be subject to increasing pressure from a toughened European stance, being bogged down in Chad and reduced oil revenues.

-- What is your assessment of the situation inside Libya?

Iran-Iraq War

-- We continue to be very seriously troubled by the war between Iran and Iraq. Iraq must be supported in its defense, and we do not want the war to spread to third

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countries. Increased Iranian aggressiveness against ships in the southern Gulf is of current concern to us.

-- As you know, the United States has actively sought to bring an end to this destructive conflict and refused to supply arms to either party. We have urged others not to sell arms to Iran until Iran indicates a willingness to negotiate an end to the war.

-- We have information that China has begun a major effort to resupply Iran, including anti-shipping missiles. It would be useful to continue making your views known to the Chinese government, and in general, to be ready to make quick and vigorous approaches to countries that may consider permitting arms sales to Iran.

-- I understand that you visited Iraq in June. What is your assessment of the situation in Baghdad?

-- I also heard that you visited East Germany and Czechoslovakia in June. I would be interested in your impressions of their views toward the war, particularly with regard to arms shipments to Iran.

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Event Paper - Meguid Meeting

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Clear: NEA/EGY: DJDunford

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AE/E: EMadison (subs) *BLH for*

NEA/NGA: PBurleigh

NEA/AFN: RDankert

NEA: WKirby

NEA: RSuddarth *RS*

P: ASteinfeld *SA for*

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VICE PRESIDENT'S MEETING WITH
EGYPTIAN PRIME MINISTER ALI LOTFY
AUGUST 4, 1986

SETTING

Several economic ministers will likely join your meeting, which will precede an official dinner hosted by the Prime Minister. This meeting should focus on the Egyptian economy and serve as a follow-up to your discussions earlier in the day with President Mubarak. You should attempt to elicit further details on the Egyptian government's economic reform program. The Prime Minister will likely reiterate the Egyptian requests for a larger cash component of our economic assistance program, military debt relief, and help with the IMF and World Bank.

Lotfy is a professional economist and is, in a formal sense, Egypt's leading economic policy-maker. —

OBJECTIVES

-- Encourage the Egyptians to develop and implement a workable economic reform program.

-- Engage the Prime Minister on weak points in the reform program, such as budget deficit reduction, pricing, and exchange rate policy.

-- Stress the importance of IMF and World Bank involvement in the economic reform effort.

-- Reaffirm our willingness to reshape our economic assistance program if the Egyptians implement a workable and comprehensive program with support from the international financial institutions.

-- Reiterate that we are doing our best to find a way to ease the military debt burden, but economic reform is the real answer to Egypt's debt problems..

ISSUES

- June Egyptian Economic Reform Program
- IMF/World Bank Role
- U.S. Assistance
- FMS Debt Relief

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TALKING POINTS

June Economic Reform Program

-- The economic reform program presented in Washington in June is a serious and broad-ranging effort to deal with your economic problems.

-- Your program reflects the hard work of you and your ministers as well as many very difficult political decisions.

-- We have a number of questions on various elements of your program and believe further elaboration on specific measures would be necessary.

-- We are going through our own difficult process of reducing the federal budget deficit. I would be interested in hearing more about the measures you plan to implement to reduce your budget deficit.

-- Our experts would like to explore further with you the measures you are planning, particularly in such key areas as budget deficit reduction and exchange rate reform, including how these measures will be monitored and implemented.

IMF/World Bank Role

-- We believe that it is essential to involve the IMF and World Bank at an early stage in developing your reform program.

-- Their technical expertise will be invaluable in helping you to work out the details of implementation of specific reforms.

-- Their financial support will be necessary to mobilize sufficient resources to support your economic reform program.

-- When we have assured ourselves that your program is workable, we will actively support your efforts to reach agreement with these two institutions.

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U.S. Assistance

-- We are prepared to consider your request for an increase in the cash portion of our economic assistance as you further develop and implement your economic reform program.

-- In justifying to Congress an increase in cash assistance, the Administration must be able to demonstrate that Egypt has a workable reform program.

-- The Administration will continue to seek substantial economic assistance for Egypt to help promote economic growth, and deal with your immediate financial problems.

-- However, our own difficult budget situation will make it difficult to maintain the full level of our FY 87 request in Congress.

Foreign Military Sales (FMS) Debt Relief

-- The Administration fully understands that you consider the interest payments on the military debt owed to the U.S. to be an unwelcome burden on the Egyptian economy.

-- FMS debt relief is a complex and difficult issue affecting many of our friends. It has significant implications for our overall budget situation, domestic credit policy, and international debt policy.

-- In response to your government's concerns, we have been working on the problem particularly intensively in recent weeks.

-- I can assure you that any solution we find will be applied to Egypt.

-- We hope to have an answer to this issue soon.

-- Implementation of comprehensive economic reform is the long-term answer to your debt problems.

-- At your ministers' request, we are also working with you to identify ways in which Egypt can expand its foreign exchange earnings.

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Lotfy Meeting

Drafted:NEA/EGY:JJNerris

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Cleared:NEA:RSuddarth

NEA/EGY:DJDunford

T:RBoyce

E:MBailey

R:ASteinfeld

EB/OMA:WPrimosch

AID/ANE:CGreenleaf

PM:RBeers

Treasury:RAnderson

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United States Department of State
Washington, D.C. 20520

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RIGINAL TO THE WHITE HOUSE

July 17, 1986

OPIES TO:

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MEMORANDUM FOR MR. DONALD P. GREGG
THE WHITE HOUSE

SUBJECT: Drafts of Vice President's Public Remarks

Drafts of the Vice President's public remarks -- toasts, arrival and departure statements and the like -- for use during his trip to Israel, Jordan and Egypt are attached.

Nicholas Platt
Nicholas Platt
Executive Secretary

9501745

DEPARTMENT OF STATE IM/IPS/CR/IR Date: 7/29/97
☒ RELEASE ☒ DECLASSIFY
☐ EXCISE ☐ DECLASSIFY EO Citations
☐ DENY IN PART

FOIA Exemptions _____ TS authority to
PA Exemptions _____ () CLASSIFY as () S or () G Sec.
() DOWNGRADE TS to () S or () G

Attachments as stated.

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Cleared: NEA/RA: JBircher
NEA: RSuddarth
P. A. Skerfeld

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VICE PRESIDENT'S ARRIVAL STATEMENT
THE ROSE GARDEN
JULY 27, 1986

THEME: Common Values; Growing Strength of Bilateral
Relationship

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I am pleased and honored to once again find myself in Israel. Many of us in the United States and around the world find that, whatever our religion, we cannot visit Israel without experiencing a deep sense of self-discovery: our origins, our roots, and our common inspirational source are in this land. We sense that here is where it all began, from whence we all came, and to where it is our pleasure to return.

I am fortunate indeed in that I have visited Israel before. This time it is my pleasure to come on invitation of Prime Minister Peres. But, with all due respect, I must admit that I needed no such excuse to come. I came previously as a private citizen, and would do so again. Americans and all others who hold Israel dear should know that it is as safe and secure a place to visit as exists anywhere in the world.

Israel today, of course, is far more than an ancient repository, a monument to the human past. It is a youthful, modern nation with a well-established democratic tradition. And, of course, it is America's great friend.

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My last visit to Israel was in 1979. I attended a conference on a subject of continuing concern to both the United States and Israel, terrorism, and at that time I thought that ties between the two countries could not be any closer.

I was wrong. In the intervening years I have seen a blossoming of the relationship which has surprised and pleased all concerned. Today the United States and Israel are cooperating on over three hundred and fifty projects in science alone. Israel was among the first countries to join us in strategic defense research. The United States and Israel recently signed a free trade agreement, reducing and eventually eliminating even the commercial barriers which divide our nations.

The desire for peace, the love of democracy, and the insistence on the right of people to move freely across borders give both nations a commonality of purpose.

Furthermore, both Israel and the United States represent freedom and hope for many oppressed people throughout the world.

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Although the schedule is ambitious, I know I will not be satisfied until I have breathed enough of the rarefied air that inhabits this place, for which so many have fought, in which so many have died, and about which so many have dreamed.

America has been described as a "city set on a hill," whose light shines as a symbol of hope for all. Jerusalem is quite literally such a city, with a similar charge and a similar responsibility. It is a city where we encounter ourselves: the legacy of our past and the hope for our future. All of us -- Israelis, Americans, and the human family-at-large -- owe it our best efforts to keep it that way.

Again, Mrs. Bush and I are very happy to be here.

Thank you very much.

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ARRIVAL STATEMENT, JULY 27, 1986

Drafted: NEA/IAI: Embassy Tel Aviv
#4676F; 7/16/86; x 73674

Cleared: NEA/IAI: PCWilcox
NEA: RSuddarth
F: ASteinfeld

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DINNER HOSTED BY PRIME MINISTER PERES AND
SPEAKER OF THE KNESSET HILLEL
SUNDAY, JULY 27, 1986

THEME: Strength of the Bilateral Relationship

Mr. Prime Minister, Mrs. Peres, Mr. Speaker, Mrs. Hillel,
honored guests and friends:

I know I speak for everyone here, and for all Americans
in saying that we share the thoughts expressed by your
eloquent words -- thank you so much.

President Reagan and the American people send to the
people of Israel our best wishes, warm affection and our
sincere hope for peace.

It is a special pleasure for Mrs. Bush and me to return
to Israel -- this time in an official capacity -- and have
the honor of speaking in the Knesset, where the vibrant
democracy of Israel is reaffirmed every day.

Mr. Prime Minister and Mr. Speaker, we are especially
grateful to you for your warmth and your gracious
hospitality. I am confident that my consultations with the
Prime Minister, Foreign Minister, Defense Minister and many
other Israelis over the next three days will strengthen even
more our partnership. I look forward to our meetings and to
the visits in this magnificent country.

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As we stand here together in this historic hall, I am reminded of the ties that hold our friendship together -- a respect for democracy, a love of national independence, and a reverence for freedom. I am pleased to say that America's partnership with Israel is stronger than ever before.

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We are working together for prosperity with the establishment of a free trade area, which will allow your entrepreneurs to take advantage of the potential of the American market without trade barriers and to fashioning an economic and commercial environment that will attract increase in American investment in Israel. Culturally, we have a vigorous and growing exchange program, allowing Israelis to come and learn about our nation, and Americans to visit and live in yours.

For over 38 years, we have rejoiced in the progress of this nation, shared your joys and felt your sorrows. Together, we share now the hope for peace, and for prosperity in this beautiful land.

Now I would ask you to rise and toast to the Prime Minister and to the Speaker, and above all a toast to the people of Israel, the friendship of our peoples and the vigorous partnership in the pursuit of peace and prosperity in this region. Le'haim.

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DINNER HOSTED BY PRIME MINISTER PERES AND SPEAKER OF THE
KNESSET HILLEL, SUNDAY, JULY 27, 1986

Drafted: NEA/IAI: Embassy Tel Aviv *AN*
#4796F; 7/16/86; x 73672

Cleared: NEA/IAI: FCWilcox *AN*
NEA: RSSuddarth *RS*
F: ASteinfeld *AN*

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VICE PRESIDENT'S REMARKS
AT MEVASSERETT ZION ABSORPTION CENTER,
MONDAY, JULY 28, 1986

THEMES: -- U. S. Support for Free movement of People
-- Unity and Diversity of Israel

- o Meeting new Israeli citizens at Mevasserett Zion is a moving experience; what I see here expresses so much about Israel and the Israeli people.
- o It is inspiring to see newcomers from many countries being welcomed here as they begin their new lives as Israeli citizens. I am delighted to have the chance to meet with families who come to Israel from the Soviet Union, Ethiopia, Romania and elsewhere.
- o One of many common bonds that join the United States and Israel is our common commitment to the free movement of people. We have long supported Israel's programs to welcome and absorb refugees from other lands, I am deeply impressed with the work that is being done here at Mevasserett Zion.
- o Here I see a vivid manifestation of the principle that is embodied in Israel: its mission as a new home and refuge for Jews seeking freedom.

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- o This experience reminds me, however, of the plight of many Jews, especially in the Soviet Union, who are being denied the right to emigrate to Israel. Our hearts go out to them, and we pledge our continuing, steadfast efforts to work for their freedom.
- o Peoples here who have come from many lands symbolize the richness and diversity of Israeli society as well as the unity of all Israelis in their commitment to their nation and common commitment to freedom and democracy.
- o I am moved by the parallel between what I see here and the experience of my country, where peoples from many lands have settled to become one nation.

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VICE PRESIDENT'S REMARKS AT MEVASSERETT ZION ABSORPTION
CENTER, MONDAY, JULY 28, 1986

Drafted:NEA/IAI:PCWilcox, Jr.
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DINNER HOSTED BY VICE PRESIDENT AND MRS. BUSH
MONDAY, JULY 28, 1986

THEME: U.S. Commitment To the Search for a Just and Lasting
Peace

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Mr. Prime Minister, Mrs. Peres, Mr. Speaker, Mrs. Hillel
and distinguished guests:

It is with great pleasure that Barbara and I bring you
the warm regards of the American people. It is always a joy
to come to this generous and welcoming land.

It is impossible to visit Israel, and to see the ancient
land without getting a sense of its heritage -- echoes of the
struggle for the creation of the Jewish State, and the
struggle for survival of a people.

No one who has witnessed the courage of this small
nation, no one who has talked to new immigrants -- their
faces shining with hope -- as I did this morning, and felt
the deep commitment within the hearts of your people, can
ever question the resolve of the Israeli people to keep their
nation free forever.

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This unyielding determination continues even though you have never known a day of genuine peace. America stands beside you in this unending search for the one thing every Israeli yearns for -- peace. Our peoples are joined by the ties of love, kinshp and history that unite our two democracies.

And of the commitments we share, none is more compelling than the hope for a lasting peace in the Middle East. This Administration has worked hard in the pursuit of a just and lasting peace.

We will continue in our effort to reach that goal, in spite of the frustrations. We have no illussions about the difficulties of that challenge. But if there is a chance for peace, no work is too hard, no effort too great. No one who has children, or grandchildren, can fail to see that peace must be our paramount objective. For 38 years, Israel and its neighbors have had to bear the awful burden of war. We must all work to lift that heavy burden as soon as possible.

I would ask you to rise with me in a toast to the health of the Prime Minister, the Speaker and to peace -- a lasting peace for our generation and those to come and to the great friendship and partnership of our two peoples. Let us drink a le h'aim to shalom.

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DINNER HOSTED BY VICE PRESIDENT AND MRS. BUSH, MONDAY, JULY
29, 1986

Drafted: NEA/IAI: Embassy Tel Aviv *BA*
#4797F; 7/16/86; x 73672

Cleared: NEA/IAI: PChilcox *BA*
NEA: RSuddarth *BA*
P: ASteinfeld *BA*

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VICE PRESIDENT'S VISIT TO
BEN GURION'S GRAVESITE, SDE BOKER
TUESDAY, JULY 29, 1986

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THEMES: -- Realism and Idealism: Characteristics
Attributed To Ben Gurion and Their Relevance To
Israel Today
-- Challenges of the Present and Future

- o Proud as an American, and as a friend and admirer of Israel, to pay tribute to one of Israel's founding fathers on the 100th anniversary of his birth; to express satisfaction at our own role in Israel's development and the expansion of the peace process; and to associate my government and the American people with the spirit of realism and idealism which marked David Ben Gurion's life and which left its imprint on the future of Israel and the Jewish people.
- o Shimon Peres, after Ben Gurion's death, wrote that Ben Gurion embraced the two most important components of true leadership: "earthy realism and lofty idealism."
- o Especially here in the Negev -- the crossroads between fertility and barrenness, between man's accomplishments and nature's vicissitudes -- can we look at where we are and where we are heading.

- o The lofty idealism of today and tomorrow: harmonizing the ethical and the material; looking beyond the

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limitations posed by geographic and scientific space to build bridges of understanding, mutual respect and peace among different peoples.

- o Ben Gurion's vision: a Jewish state, an ingathering of the exiles, and an Israeli people able on its own soil to contribute to mankind's welfare and ethics.
- o Ben Gurion wrote: "The essence and the significance of Jewish history lie in the preference of quality over quantity. For our security, survival and status in the world and the preservation of the legacy of our prophets to the end of time, Israel must strive incessantly for moral, cultural, technological and social improvement and to be a unique people."
- o Ben Gurion's realism: the need for compromise on territorial issues, accommodation and peace with Arabs.
- o Ben Gurion wrote: "A cardinal factor in security is a foreign policy of peace: an honest aspiration to be at peace with our neighbors, and with all nations; a

vigorous effort to establish relations of friendship with countries great and small, in East and West; avoidance of all and any warlike provocation from whatever quarter it comes, and in whatever form it be revealed; undeviating support of every step aimed at defeating aggression and achieving peace in the Middle East and all over the world."

- o These characteristics of Ben Gurion's leadership -- earthy realism and lofty idealism -- provide not only insight into his accomplishments and a testimonial to his rightful place among the giants of history, but also a guide for the future.

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BEN GURION'S GRAVESITE, SDE BOKER, JULY 29, 1986

Drafted: NEA/IAI: EKBodin
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Cleared: NEA/IAI: PCWilco
NEA: RSuddarth
P: ASteinfeld

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VICE PRESIDENT'S REMARKS TO CHILDREN
BEN GURION'S HOME AT KIBBUTZ SDE BOKER
TUESDAY, JULY 29, 1986

THEMES:-- Common bonds Between Israel and the United States
-- Peace and Ben Gurion

Points:

- o Coming to Sde Boker and the Negev is like coming home to Texas: challenge of the desert, tough pioneering people, importance of self reliance.
 - o People of the United States and Israel share a great deal. I grew up with the same values you are taught: democracy, freedom, justice. Words that shape the souls of individuals and of our two nations.
 - o My visit has brought home to me how close the United States and Israel are, a closeness based on these shared values.
 - o We also share determination to defend these values. Your brothers, fathers and grandfathers have endured the risks and horrors of war for their sake.
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- o Real security for these values comes not through war but through peace. Challenge for my generation, and for yours, is achievement, strengthening of just and lasting peace.

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- o Only through peace can your energies, the energies of the new generation, be used fully to create, to build, as David Ben Gurion used his to create this Kibbutz and forge a nation.
 - o Ben Gurion helped to create and defend Israel in a time of war, but was a man of peace. He recognized far more clearly than most that true security could only come through a policy of peace.
 - o Israel has no firmer friend in its search for peace than the United States. It is a path with many obstacles and frustrations, but we will persevere with you.
 - o The goal is well worth the journey, no matter how difficult. A lasting peace between Israel and its neighbors is the greatest gift that could be bestowed on your generation, and it is the obligation of mine to exert every effort toward this end.
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- o Ben Gurion was dedicated to peace and contributed much toward achieving it. In his name, and in yours, we pledge to continue the process.

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VICE PRESIDENT'S REMARKS TO CHILDREN
BEN GURION'S HOME AT KIBBUTZ SDE BOKER
TUESDAY, JULY 29, 1986

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Cleared: NEA:RSSuddarth *RS*
NEA/IAI:PCWilcox, Jr.
H:ASteinfeld

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VICE PRESIDENT'S VISIT TO
HATZERIM AIR FORCE BASE
JULY 29, 1986

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THEMES: -- Close US-Israel Security Relationship
-- US Regard For Israeli Anti-Terrorism Efforts

My visit today to Hatzerim Air Base and meeting with Minister of Defense Rabin has been an excellent occasion to review the close military relationship between our two nations and to renew the firm commitment of President Reagan and the United States to the security of Israel.

My talks with Minister Rabin covered a variety of subjects, including regional issues, security assistance and US-Israel cooperation in a number of security related fields.

I wish to thank the Commander of Hatzerim Air Base and express my appreciation to his men for the outstanding presentations we have seen today. Their skill and dedication to their country merits our highest praise -- as in all free nations, the price of liberty has always been eternal vigilance.

We saw an excellent example of Israel's counter-terrorism capabilities today, capabilities which have more than once been used to save the lives of innocent citizens of Israel

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and other nations. The struggle against terrorism can only be won if all nations around the world unite in putting an end, once and for all, to this terrible scourge. As Israel and the United States well know, this effort sometimes requires the ultimate sacrifice. We are confident, however, that such sacrifices are not in vain, and live as an inspiration to free men everywhere.

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VICE PRESIDENT'S VISIT TO HATZERIM AIR BASE, JULY 29, 1986

Drafted:NEA/IAI:DMSatterfield
4875F x3672 7/16/86

Cleared:NEA/IAI:PCWilcox
NEA:RSuddarth
P:ASteinfeld

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VICE PRESIDENT'S REMARKS
AFTER FINAL MEETING WITH PRIME MINISTER PERES
WEDNESDAY, JULY 30, 1986

THEME: -- Commitments to Peace Process, Necessity¹ of
Continuing Efforts
-- Growing Strength of Bilateral Relations

Prime Minister Peres and I have had a very useful meeting. It has been a wonderful visit, and I want to express our thanks to you, Mr. Prime Minister, for your government's warm and gracious hospitality.

Israel and the United States are close friends and partners in many endeavors, and my meeting with the Prime Minister was an opportunity to explore our common objectives and cooperation in some detail.

The most important subject of all on our common agenda is peace in the Middle East between Israel and all its neighbors. While the path is long and tortuous, and there have been setbacks and frustrations, the search must continue. I assured the Prime Minister that the United States remains committed to this process, and we will

continue to work with Israel, Egypt, Jordan and others in the

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region who are searching for a way toward direct negotiations. Your commitment, Mr. Prime Minister, to the same goal strengthens our resolve. Indeed, I have been deeply impressed by the yearning for peace which I have heard from all the Israelis I have met. The stakes are high for Israel, the Palestinians and neighboring Arab states. So we must all keep faith in the goal of peace and redouble our efforts.

Prime Minister Peres and I also discussed the extraordinary range of bilateral activities and cooperative programs in which Israel and the United States are partners. Americans can feel proud and satisfied that over the past six years, the close relations between our two countries have grown even stronger, thanks to the many new forms of cooperation between us. I have no doubt these activities will grow and flourish, since they strengthen us both.

In our meeting the Prime Minister and I devoted special attention to two important areas: our support for Israel's security and Israel's efforts to stabilize its economy and promote economic growth. We have been a partners in both areas, through our security assistance that helps Israel maintain a strong defense as well as economic stability and well being.

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One matter of special importance that we discussed was Israel's plans for renewed economic growth, now that you are embarked on the continuing task of beating back inflation. The development of Israel's great potential for growth will take time and effort, but the promise is bright, and we look forward to working with you in this cause.

Mr. Prime Minister. This has been a very intense and rewarding three days. I am grateful for our talks. I am inspired by the strength of our relations and all that we are doing together.

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VICE PRESIDENT'S REMARKS AFTER FINAL MEETING WITH PRIME
MINISTER PERES, WEDNESDAY, JULY 30, 1986

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Drafted:NEA/IAI:PCW/PCox, Jr.
7/17/86 4892F x73672

Cleared:NEA:RSSuddarth *RS*
P:ASteinfield

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VICE PRESIDENT'S DEPARTURE STATEMENT
THE ROSE GARDEN
JULY 30, 1986

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THEME: Common Bonds and Goals; Israeli Achievements

The time has come for me to take my leave of this great country. As I reflect back over my experiences of the past few days, I feel the usual emotions one feels when a successful journey has come to a close. There is the reluctance to go, the happiness from having been, and the anticipation of moving on and using what one has learned.

I have learned a lot. Travel is usually undertaken to experience something different -- new sights, new sounds, new lands, different cultures. But I inevitably come away with a sense of sameness -- that despite the differences that divide, in the end there is more common ground. This is particularly true of the United States and Israel. Behind me stands the Knesset, the symbol of Israeli democracy that reminds me of our own Capitol Building. I have now had the privilege of speaking in each and knowing great leaders in each -- leaders who share similarities that go beyond the symbolic -- whose commitment to democratic values, pluralism, and individual freedom are identical and unquestioned.

In my visit to the gravesite of David Ben-Gurion, that great Israeli pioneer, political leader, and philosopher, I was struck by the many similarities between him and our own

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founding fathers. They too were men and women of "earthy realism and lofty idealism," to use Prime Minister Peres's phrase, people of thought and action who were at ease with pen or plow; equally at home in the halls of diplomacy or on plantation, farm, or Kibbutz.

Sde Boker reminded me of the flowering deserts of my southwestern home, where man has striven to reclaim, conquer, utilize, yet preserve.

I was reminded at Yad Vashem of man's capacity to destroy; of what can happen when the rule of law is supplanted by the rule of whim; when inalienable, God-given rights are subject to the will of a privileged group. Anti-semitism, racism, and other social pathologies must never be allowed to triumph over tolerance, pluralism, and our better selves.

Mark Twain once wrote that "devotion to petrified opinion never broke a chain nor freed a human soul." The philosophy of the terrorist holds that nothing, especially innocent human life, is more important than his cause. Afraid to strike back at those he perceives to be his true enemies, he instead seeks to become a hero by specifically targeting the defenseless.

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My visit to the Absorption Center reminded me that both Israel and the United States are nations of immigrants. Throughout our histories, our populations have been supplemented, renewed, and strengthened by those who came with different histories, cultures, and outlooks.

The Israel I have visited the past four days is not the same Israel I visited six years ago. To be sure, many of the problems that existed then still challenge us today. But many changes have occurred.

Today Israel is winning its battle with inflation. As the Israeli economy becomes more confident of its own strength and ability to compete in the world marketplace, government controls are less necessary. Free trade agreements with the United States and the European Community will give Israel an equal place alongside the free economies of the rest of the developed world.

The security of its Egyptian border is now taken as a given, and disputes are aired around a table rather than on a battlefield. Diplomacy is seen as a realistic tool for problem solving, not as a cynical instrument of last resort.

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And so I take with me feelings of immense satisfaction and accomplishment. I have seen many old friends and made many new ones. I am convinced that relations between our two countries are stronger and more mutually beneficial than ever, and that the future will see continued cooperation in every field.

Yet Mrs. Bush and I also leave with feelings of regret. This is unavoidable, I suppose, and the mark of a successful trip.

But part of me will always be here, the part of me that never left: my past, my roots, my heart, my soul -- call it what you will. No one can make a trip, a journey, a pilgrimage here and remain unchanged.

Thank you for a most enjoyable and productive visit.

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DEPARTURE STATEMENT, JULY 30, 1986

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Drafted: NEA/IAI: Embassy Tel Aviv
#4676F; 7/16/86; x 73672

Cleared: NEA/IAI: PChilcox
NEA: RSuddarth
P: ASteinfeld

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DRAFT PUBLIC REMARKS

VICE PRESIDENT'S ARRIVAL IN JORDAN
WEDNESDAY, JULY 30, 1986

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THEME: Stress that your visit is another demonstration of the ties between Jordan and the United States.

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Your Majesties, Mr. Prime Minister, Distinguished Friends,
I am delighted to be here with you in Jordan. I bring you,
Your Majesties, the warm greetings of President and Mrs. Reagan
and all your many friends in the United States. While we have
had the pleasure of welcoming you in Washington, this is my
first opportunity in some time to enjoy the famed hospitality
of the Jordanian people. Jordan and the United States are old
friends. While friends may sometimes differ, and surely our
friendship has been no exception, mutual trust, assistance and
daily contact between our two peoples at every level have built
a firm, unshakeable basis for that friendship. I know some
have questioned the strength of these close bonds, but let
there be no doubt that nothing can or will shake them. I come
here as the representative of the American people to
demonstrate yet again our confidence in that long established
relationship. Your Majesties, Mr. Prime Minister, I am
delighted by this chance to see your land and your problems
through your own eyes. I know that my visit will be fruitful,
informative and invaluable in broadening our mutual
understanding.

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Draft Public Remarks: Arrival in Jordan

Drafted:NEA/ARN:TDowling *TD*
#0666K 7/16/86 X74453

Approved:NEA:RSSuddarth *RS*
Cleared:NEA/ARN:AGlaspie *AG*
NEA:WKirby *WK*
P:ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

VICE PRESIDENT'S DINNER HOSTED BY
KING HUSSEIN AND QUEEN NOOR
THURSDAY, JULY 31, 1986

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THEME: Stress our friendship, and common search for peace in the Middle East.

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Your Majesties, Mr. Prime Minister, Distinguished Friends,
It is both a privilege and a pleasure to be here with you in Jordan this week. Although our two countries were forged by different histories, we share deep and lasting ties borne of thirty years of mutual trust and support. Today, we stand together as old friends working to resolve the issues of the day. Let no one doubt how highly we Americans value that friendship.

Among the issues we confront, there is none more important than the search for a just and lasting peace in the Middle East. Your Majesty, Jordan's demonstrated commitment to a negotiated peace is indispensable to that search. We know all too well the price that you and your nation have paid to honor that commitment. Despite the sacrifices imposed upon you by those whose only answer is the gun, Jordan has not wavered. History will show that the steady pursuit of peace requires the highest courage.

Tonight, here in Amman, permit me to reaffirm our gratitude for your friendship. Let us also remind ourselves that there can be no higher achievement than peace. As I mentioned, our two countries have reached the present by different paths. Let us continue to go forward together in the search for a peaceful future.

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Draft Public Remarks: Dinner hosted by King Hussein and Queen Noor

Drafted: NEA/ARN: TDowling *TD*
#0668K 7/16/86 X74453

Approved: NEA: RSSuddarth *RS*
Cleared: NEA/ARN: AGlaspie *AG*
NEA: WKirby *W*
NEA/P: MAustrian *MA*
P: ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

VICE PRESIDENT'S VISIT TO PETRA
FRIDAY, AUGUST 1, 1986

The remains of Petra are magnificent testimony to the great civilization that flourished here so many centuries ago. For us, coming from a young country, it is sobering to be reminded again of how ancient are the cultural roots of the nations of the Middle East. Although the people of Petra have vanished, they have left you, their inheritors, a legacy of achievement. We should never forget that Petra's greatness was based not on conquest but on peaceful trade. Seeing Petra reminds us that our common goal remains a just, lasting peace. Let us continue working for the day when all the countries of the Middle East are once again linked together in peaceful commerce.

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Draft Public Remarks: Visit to Petra

Drafted:NEA/ARN:TDowling *TD*
#0669K 7/16/86 X74453

Approved:NEA:RSSuddarth *RS*
Cleared:NEA/ARN:AGlaspie *ag*
NEA:WKirby *WK*
P:ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

VICE PRESIDENT'S VISIT TO UMM QAIS
SATURDAY, AUGUST 2, 1986

THEME: Note how Umm Qais demonstrates the complex links among Jordan, Israel and Syria.

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Standing here amidst the relics of Roman rule, I am struck both by how ancient are the civilizations that have passed across this landscape and the complex relations that geography imposes on their modern successors. While neighbors are now divided by fortified borders, flourishing agriculture bears witness to what can be achieved through hard work and cooperation. We are especially proud that we worked closely with Jordan on this great achievement.

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Draft Public Remarks: Visit to Umm Qais

Drafted: NEA/ARN:TDowling *TD*
#0670K 7/16/86 X74453

Approved: NEA:RSSuddarth *RS*
Cleared: NEA/ARN:AGlaspie *ay*
NEA:WKirby *WN*
P:ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

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VICE PRESIDENT'S LUNCHEON WITH CINC BIN SHAKER
SATURDAY, AUGUST 2, 1986

THEME: Reassuring that we will do all we can to meet Jordan's defense needs.

General bin Shaker,

I thank you for both an extremely informative tour and most delightful lunch. As you well know, there is no substitute for the chance, as I had with you today, to see both the geographic setting and the vital contribution of your armed forces to the maintenance of peace and security in this troubled region. We fully recognize that this contribution requires unremitting hard work and dedication by the men of the Jordan Arab Army. Please express to them our congratulations for a job well done. For more than 30 years, our two armed forces have been bound together by friendship, trust and mutual assistance. Let us continue to work together in that spirit for the day when peace will once again prevail throughout the region.

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Draft Public Remarks: Luncheon with CINC bin Shaker

Drafted: NEA/ARN: TDowling ¹⁰
#0671K 7/16/86 X74453

Approved: NEA: RSSuddarth ²⁵
Cleared: NEA/ARN: AGlaspien ^{AS}
NEA: WKirby ^{OK}
NEA/P: MAustrian ^{na}
P: ASteinfeld ^{AS}

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DRAFT PUBLIC REMARKS

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VICE PRESIDENT'S PRESS CONFERENCE
SATURDAY, AUGUST 2, 1986

Theme: Emphasize success of your visit in reaffirming the close friendship between Jordan and the U.S.

Ladies and gentlemen,

Today marks the close of my visit to Jordan. It has been an invaluable chance to become better acquainted with the people and the issues. King Hussein and Jordan have been close friends of the United States for more than thirty years. As I told His Majesty, we value highly that friendship. Time and shared efforts for the prosperity of Jordan and peace in the Middle East have forged unbreakable ties between our two countries. I hope that my visit has further strengthened that mutual understanding and trust. Sharing the highest of common goals, the achievement of a just, lasting peace for the entire Middle East, we exchanged views on how we might move further towards its attainment. We also discussed how we might work together in helping Jordan meet its needs and those of the people of the West Bank. Lastly, I had the chance to see some of the unique treasures of Jordan's rich and ancient heritage. I have learned much and enjoyed myself even more. To His Majesty and all the people of Jordan, I say thank you for your gracious, warm welcome. Although I am returning to Washington, I must say that I felt fully at home with friends throughout my stay. I would now be happy to answer whatever questions you may have.

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Draft Public Remarks: Vice President's Press Conference

Drafted: NEA/ARN:TDowling *TM*
#0672K 7/16/86 X74453

Approved: NEA:RSSuddarth *RS*
Cleared: NEA/ARN:AGlaspie *ay*
NEA:WKirby *h*
P:ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

AMERICAN COMMUNITY EVENT
SATURDAY, AUGUST 2, 1986

THEME: The importance of the American community in sustaining
Jordanian-American friendship.

It is a great pleasure to meet with all of you today at the conclusion of my visit to Jordan. As residents of Jordan, I do not have to remind you of the long and close friendship between our two countries. That friendship is based, in large part, on the daily contacts between the Jordanian people and Americans such as yourselves. Although you are a long way from home, please be sure that we fully recognize your contribution to good relations. There are many challenges and many rewards to life in the Middle East; I envy you your opportunity to enjoy daily close friendships with the people of Jordan. I bring you the best wishes of the Americans at home and I will take back to them good memories of this trip and your kind thoughts.

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Draft Public Remarks: American Community Event

Drafted: NEA/ARN: TDowling *TD*
#0673K 7/16/86 X74453

Approved: NEA: RSSuddarth *RS*
Cleared: NEA/ARN: AGlaspie *AG*
NEA: WKirby *W*
P: ASteinfeld *AS*

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DRAFT PUBLIC REMARKS

DEPARTURE CEREMONY
SATURDAY, AUGUST 2, 1986

THEME: Reemphasize how this visit reinforces the close ties between Jordan and the U.S.

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Your Majesties, Mr, Prime Minister, Distinguished Friends,
Sadly, the time has come for me to leave Jordan at the
conclusion of a memorable visit. I am grateful for the chance
to meet with you, enjoy your hospitality, and obtain a better
understanding of the problems which concern us all. As I said
upon my arrival, my visit is a further demonstration of the
long, close ties which bind together our two countries. Let us
not consider this the end of an excellent visit, but rather yet
one more step forward together in the long search for a just
and lasting peace in the Middle East. I will bring back to the
President your warmest good wishes and happily report that we
were received with that special warmth for which Jordan is so
rightly famed. Again, please accept our sincere thanks for
your hospitality and for the chance for all of us to come to
know one another a bit better than before.

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Draft Public Remarks: Departure Ceremony

Drafted:NEA/ARN:TDowling *tw*
#0674K 7/16/86 X74453

Approved:NEA:RSSuddarth *RS*
Cleared:NEA/ARN:AGlaspie *ag*
NEA:WKirby *W*
P:ASteinfeld *AS*

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THE VICE-PRESIDENT'S ARRIVAL STATEMENT
AT
LUXOR AIRPORT
AUGUST 2, 1986

First of all, let me say thank you for this warm reception. It is another sign of the strong relationship between our countries.

My wife and I are delighted to arrive here in Luxor this evening. Our visit here is a personal and public honor for me, as I take great pride in the special relationship and deep friendship that exists between our two countries. I believe our special relationship can only grow and prosper.

My wife and I have looked forward to this visit with great enthusiasm. We have always wanted to see the world-renowned wonders of ancient Egypt.

Once again, I thank you for this warm and kind welcome; I know this visit will prove enjoyable in every way.

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STATEMENT: ARRIVAL AT LUXOR

draft:NEA/EGY:TGGallagher
7/15/86 w#4811F x2802

cleared:NEA/P:MAustrian
S/P:AMiller
P:ASteinfeld
NEA:RSuddarth
NEA/EGY:DJDunford

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DRAFT TOAST
PRESIDENT'S DINNER
IN HONOR OF THE VICE PRESIDENT
AUGUST 3, 1986

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THEMES: -- Encourage improved Egyptian-Israeli relations.
-- Reaffirm our commitment to the peace process.
-- Reiterate our commitment to Egyptian economic development.

President Mubarak, distinguished friends and colleagues:

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Entering Egypt through Luxor and the Valley of the Kings, I was impressed anew by the great heritage to which all of us in today's world lay spiritual claim. In my conversations here I have been no less struck by the warmth and dignity that is the special birthright of a people backed by thousands of years of history and cultural development.

These are not easy times, and the challenges are many: the efforts to broaden the peace process, so promising last year, have yet to bear fruit; the advocates of extremism and terror remain active and poised to exploit any opening; and the downturn in oil prices has accelerated economic problems. And yet there are a number of hopeful developments which merit our strongest support.

One of the brightest spots is the great progress that has been achieved on the Taba issue. After long and tough negotiations an agreement on terms of reference for submitting this dispute to arbitration is at hand. I am

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confident that this achievement will clear the way for a fully productive Egyptian-Israeli relationship. The benefits of such an outcome are substantial. Egypt and Israel have already demonstrated that peace can work. What has yet to be demonstrated is how well it can work. As your peace partner, the United States has a deep and abiding interest in helping you realize the full promise of the treaty which you have entered into. I assure you that we will not abdicate that responsibility.

Let us rededicate ourselves to the task of clearing away the obstacles that have impeded the broader peace process. The most pressing need is to ensure that the Palestinian people retain hope while the the groundwork for negotiations is being laid. We recognize that much must be done before the objective of direct negotiations between Israel and a new Arab partner. But we should not lose sight of how far we have come over the past two years. Breaking through the remaining obstacles is not only possible; it is essential. Faltering on the way to peace is not an option.

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Inherent in peace is the promise of prosperity--and we stand with you and your government, Mr. President, in the effort to promote economic stabilization and growth. We have begun a useful dialogue, and we will continue to assist you as you move forward. We know the path is difficult, but be assured you will not walk it alone. We also stand arm and arm with you against threats to our mutual security. Egypt is a vital force for moderation in the region. A strong Egypt is inseparable from the goal of regional peace and stability.

In this spirit of friendship, cooperation and common cause, I lift my glass to you, Mr. President, and to the Egyptian people.

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Draft Toast for Mubarak Dinner

Draft:NEA/EGY:DGGreenlee *BRH for*

7/16/86 x2802 4715F

Clear:NEA/EGY:DJDunford *DJD*

NEA/P:MAustrian

S/P:AMiller

P:ASteinfeld *BRH*

PA:PMartinez

NEA:RSuddarth *RS*

NEA:WKirby *BRH for*

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DRAFT STATEMENT
VICE PRESIDENT'S PARTICIPATION IN THE
DEDICATION OF THE ROD EL RARAQ WATER TREATMENT PLANT
AUGUST 4, 1986

THEME: -- Underscore U.S. commitment to helping meet basic human needs and U.S. interest in continued economic policy dialogue and support for Egyptian reform efforts.

(Recognition of Egyptian dignitaries). I am delighted to have this opportunity today to help dedicate this new plant to the service of the people of Cairo. This successful project and its importance to the health and welfare of so many people here truly represents the positive spirit and nature of today's partnership between Egypt and the United States. This partnership is one based on shared national values and mutual aspirations for peace and a better life for ourselves and future generations.

Our two governments, under the leadership of President Mubarak and President Reagan, have brought to our partnership a renewed emphasis on economic development that touches the lives of all Egyptians and actively and strongly supports the Egyptian Government's efforts to meet the basic human needs of its people.

We cannot have peace and stability in the Middle East without addressing the constraints to economic development which challenge our efforts to fight poverty and improve living standards. For this reason the United States has major development assistance programs in the region and, in

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terms of joint economic development projects, Egypt is the largest U.S. program, not only in the Middle East, but in the world, with some \$10.0 billion expended since 1975. This fact may not be commonly known. But the economic cooperation between Egypt and the United States is strong testimony to the value the American people place on our friendship with the Government and people of Egypt.

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Our joint economic development program is, without question, having a positive impact on the lives of many Egyptians. Clean water and sanitation have been areas of great concern, as well as some progress, as we can see here today. Our program in child survival and village services has paralleled our investment in larger scale infrastructure. I am told that due to the national campaign in oral rehydration therapy, for example, there has been a dramatic drop in infant mortality in Egypt in recent years. I am proud the U.S. can join hands with Egypt to support this type of effort.

Our two countries have benefitted greatly from consultations both here and in Washington. Close collaboration in economic matters has become especially important during the past year as Egypt has had to struggle with serious economic reversals. The U.S. has also been faced with budgetary difficulties. Nevertheless, we remain

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willing and interested in supporting Egypt's efforts to bring
needed reform to the economy. In fact, during the most
recent ministerial visit to Washington led by Deputy Prime
Minister Ganzouri, we agreed to support the Government as it
carries out measures to reduce Egypt's budget and balance of
payments deficits. We also agreed to study ways of expanding
bilateral trade. On this point, I would like to emphasize
that American companies retain their confidence in Egypt's
future, as evidenced by the recent large General Motors
investment, and we continue to support the important role the
private sector can play in Egypt's economic growth and
development.

Once again, let me say it is a great pleasure to share in
today's ceremony marking further progress in Egypt's strong
economic development program. The benefits of the
U.S.-Egyptian partnership, in this case, should have a
positive impact for many years to come.

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Drafted:AID/ANE/E:TLiercke
7/16/86 x9114

Cleared:NEA/EGY:DJDunford
NEA/P:MAustrian
S/P:AMiller
P:ASteinfeld
PA:GSmalley
NEA:RSuddarth

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VICE PRESIDENT'S PRESS STATEMENT
AFTER MUBARAK MEETING
AUGUST 4, 1986

THEME: -- Emphasize the strength and warmth of
U.S.-Egyptian relations.

President Mubarak and I have had an extremely useful session. We discussed the range of issues that so greatly concern both Egypt and the United States, including, of course, the peace process and our mutual interest in furthering Egyptian economic development and prosperity. Our talks took place in the atmosphere of warmth and friendship that has characterized our bilateral relations and that I am confident will continue as we move forward together.

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Statement - Comments for Press

Draft:NEA/EGY:DGGreenlee *DRH*

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Clear:NEA/EGY:DJDunford *DJD*

S/P:AMiller

NEA/P:MAustrian

PA:PMartinez *DRH*

P:ASteinfeld

NEA:RSuddarth *RS*

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VICE PRESIDENT'S TOAST AT
OFFICIAL DINNER HOSTED BY
EGYPTIAN PRIME MINISTER ALI LOTFY
AUGUST 4, 1986

THEMES: -- The Vice President's trip has underscored the strength of U.S.-Egypt relations.

-- The strength of our bilateral relationship is reflected in extensive economic and commercial ties.

-- The Administration strongly supports the Egyptian government's efforts to bring fundamental reform to the economy.

Mr. Prime Minister, Mrs. Lotfy, Ladies and Gentlemen,

I would like to express my deep appreciation for the warm hospitality shown to me and Mrs. Bush by the Egyptian government and people. We will always cherish the memories of this visit to your ancient and beautiful country.

Mr. Prime Minister, my talks with President Mubarak, yourself, and the members of your government have reaffirmed the closeness and enduring strength of our bilateral relationship. Our two countries share a broad-range of common goals and aspirations. None of these is more important than our mutual commitment to achieve a just and lasting peace in the Middle East. I am confident that, through our efforts, this goal can be achieved.

The strength and depth of our bilateral relationship is reflected in the extensive economic and commercial ties

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between our two countries. Through our economic assistance program, the United States is actively supporting the Egyptian government's policies to promote economic growth and development. The Rod El Farag water purification plant which the Prime Minister and I dedicated today is but one symbol of our joint efforts to improve the quality of life for the citizens of Egypt. We have accomplished a great deal together since 1974 when the U.S. began its economic assistance program to Egypt, but much remains to be done. I can assure you that the United States will continue to provide substantial levels of assistance to help foster further growth and development in Egypt.

Through their investments in Egypt, private American companies are also helping to promote economic development through technology transfer, job creation, and professional development. American firms have already invested about \$1.3 billion in petroleum exploration, with another \$180 million in the industrial and manufacturing sector. The number of joint ventures in this sector has grown from 15 to 26 in the last 18 months and should soon exceed 30 with the formation of the General Motors passenger car joint venture and component companies. We hope American investment will continue to grow and contribute to Egypt's prosperity. In this regard, we expect the Bilateral Investment Treaty, recently ratified by the Peoples Assembly, will enhance the

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investment climate for American firms in Egypt and hope the Senate will soon complete U.S. ratification procedures.

The Egyptian government is currently engaged in a bold effort to bring fundamental reform to the economy. We know from experience in our country that it is never easy to undertake difficult economic measures. It is nonetheless certain that comprehensive steps will help ensure economic health and growth. We strongly support the Egyptian government's economic reform efforts and are confident of Egypt's ability to achieve sustained growth.

Now, I would like to propose a toast:

-- to the health of Prime Minister and Mrs. Lotfy;

-- to a continued close partnership between the United States and Egypt;

-- and to the friendship between the Egyptian and American peoples.

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DRAFT STATEMENT
THE VICE PRESIDENT'S PRESS CONFERENCE
CAIRO, EGYPT
AUGUST 5, 1986

THEMES: -- The U.S. and Egypt have a special relationship based on mutual respect and common interests.
-- The U.S. is committed to the search for peace and economic development in the region.

I've had a good round of discussions with President Mubarak, Prime Minister Lotfy, and other members of the cabinet. As usual, our talks were marked by the candor and good will that characterize the special relationship shared by our two countries.

We discussed the current state of the Middle East peace process and exchanged views on what should be done to move it forward. While we may differ on some points, the U.S. and Egypt agree that a just and lasting solution to the Arab-Israeli conflict can only be achieved through direct negotiations.

We also discussed the current economic situation in Egypt with an emphasis on ways the U.S. can assist Egypt in its efforts to overcome its economic problems and put its economy on a path of sustained growth.

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Before taking your questions, I want to express my sincere appreciation for the warm hospitality our Egyptian hosts have shown us since we arrived. In accordance with that grand Arab tradition, everyone we have met has gone out of his way to make us feel at home in Luxor, in the Sinai and in Cairo. This visit was also special because of the brief opportunity we had to tour the temples and tombs in Luxor. I only wish I had been able to spend more time viewing these ancient wonders. There is no question in my mind that Egypt welcomes foreign visitors warmly and openly, and I would encourage others to visit as I have done.

I am ready for your questions.

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Draft Press Conference Statement

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VICE PRESIDENT'S VISIT TO EGYPT
THE AMERICAN COMMUNITY RECEPTION
AUGUST 5, 1986

THEME: -- The official American community in Cairo is working under difficult circumstances and can take pride in their accomplishments.

Ladies and gentlemen of the official American community in Cairo:

Nothing can better illustrate the weighty importance of U.S.- Egyptian relations than the size of this gathering. Thirteen years ago, we did not have diplomatic relations with the Arab Republic of Egypt. Today, our relationship with Egypt is one of our most important relationships throughout the world. I understand that some of the Egyptian employees in this audience have loyally served the U.S. government both through the difficult years between 1967 and 1974 and through the good years of the relationship since 1974. I want to express to you, on behalf of the American people, our warm appreciation for a job well done.

Having visited Jordan and Israel - and now Egypt - I am struck by the genuine desire of all three peoples for peace.

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It is true that the promising efforts of last year to broaden the peace process have not yet borne fruit. Extremists and terrorists are still active in the region. Economic problems have accelerated. Considering these points, it is easy to become discouraged but I want to stress that it is wrong to do so. Through your superior efforts, we are demonstrating that peace works. U.S. economic assistance has improved the lives of the Egyptian people. U.S. military assistance has helped Egypt to become a force for stability in this volatile region. However, we are far from done and it is certainly no time to rest on our accomplishments. There is much to do to realize the full promise of Camp David. But we have accomplished a great deal and we can break through the remaining obstacles.

This setting also underscores the personal challenges each of you face. The Embassy buildings are much the same as they were when the U.S. maintained only an interest section in Cairo. A new modern Embassy building is under construction behind me but, in the meantime, many of you have to work on a construction site. While Cairo is a remarkably safe city, I know that the terrorism and violence in the region has

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imposed stressful conditions on all of you who work and live here. You should know that your commitment to this service and your efforts to bring peace, stability and prosperity to this part of the world are genuinely recognized and deeply appreciated by the President and I.

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STATEMENT: V.P. TO AMERICAN COMMUNITY, CAIRO

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POLISH DEBT REORGANIZATION

I. Introduction

According to Ambassador Spasowski, the possibility that the Poles may seek to reorganize their debt with Western creditors is a real one. The Poles recently announced their inability to meet debt service payments to Iran on time.

But according to First Secretary Gierak, speaking to Amb. Schauffele on 6/26/79, Poland will be "out of the wood" in another 12 to 18 months.

The reports suggest that Poland is simply taking advantage of the turmoil in Iran, but developments such as late payments may be an indication that Poland's finances are indeed getting out of control. Late in 1977, the Poles approached the U.S. Government about the possibility of rescheduling USG debt, but the overture was quickly withdrawn when we responded that our policy is to consider rescheduling only on a multilateral basis. While the Poles wish to avoid multilateral rescheduling, reports indicate that their debt service has become virtually intolerable, enhancing the prospect that some reorganization will prove necessary.

Although there have been no multilateral debt reorganizations involving a socialist country, there is no reason a creditor club could not effectively deal with Poland, should it experience acute difficulties in servicing its debts to official creditors. Given the flexibility of the creditor club approach, traditional creditor club practices and procedures will provide an appropriate basis for Poland to negotiate a debt relief arrangement with its official creditors. The fact that Poland is not an IMF member, however, will require some adaptation of traditional practice, since Western creditor countries rely on the IMF to endorse and monitor the debtor's economic stabilization program. (See Part IV for further discussion of this point.)

In terms of what the USG can do if rescheduling appears imminent, current practice provides that the debtor take the initiative. Thus it would be inappropriate for the US or any other creditor country to encourage Poland to reschedule. The US should, however, make its concerns about Poland's financial situation known to appropriate officials.

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IS/FPC/CDR Date: 9/19/94

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II. The Role of the Soviet Union

Any scenario for a Polish default must take into account the role of the Soviet Union as "superguarantor." While the Soviets are the guarantor of last resort to the IIB and IBEC, we can only speculate as to what role the USSR and the CEMA institutions would play if a Polish default to Western creditors appeared imminent. However it is well known that many private creditors hold to the "superguarantor" theory and hence have confidence in Poland's ability to cope. The question also arises as to whether the Soviets would allow the Poles to seek rescheduling in the first place. In addition to the obvious political concerns and loss of face, there are economic considerations as well. These considerations are related to the type of "austerity" program the Western creditors would "impose" on Poland. A creditor club arrangement with Poland would presumably involve conditions as strict as those associated with most recent creditor club arrangements. Such conditions might be perceived as too costly (economically, as well as politically) to the USSR, particularly in light of its other CEMA obligations. The Soviet Union's role in a Polish default is uncertain. The Soviets are reputed to have previously provided \$300 million in hard currency loans to Poland and may in the future provide additional support. The Soviets' financial position at present is strong: they have taken steps to hold down hard currency trade deficits, the price of gold is up, and their total outstanding debt is not large compared to the size of their economy and hard currency earnings. As a consequence, the USSR could probably preclude a Polish rescheduling through financial measures.

Poland conducts about 30 percent of its trade with the Soviet Union. Moscow made two substantial contributions to the Polish economy during the 1970s. A 1-billion ruble trade credit was extended to the new Gierk regime in 1971, and a second 1-billion ruble credit was provided in 1976, following widespread disturbances over proposed food price increases. The 1976 credit, as well as other Soviet trade concessions, enabled Poland to ease hard-currency trade and financing difficulties. The 1979 trade protocol calls for the USSR to deliver 500,000 tons of wheat this year. These deliveries -- the first in several years -- would have cost Poland roughly \$60 million in the West.

Economic cooperation with the USSR is likely to increase over the next decade as Moscow participates in a variety of joint projects covering nearly the whole range of Polish

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industry. Such undertakings are to include construction of atomic power stations, offshore drilling, and production of tractors, motor vehicles, and aircraft. Meanwhile, trade in 1979 is planned to grow about 9 percent, and Poland will remain largely dependent on Soviet supplies of oil and other raw materials. Unlike other East European countries, however, Poland exports large amounts of coal to the USSR and thus is able to offset much of the price hikes in Soviet oil by increasing the price of its coal.

The U.S. Embassy in Moscow recently reported a departure from standard Soviet pronouncements on the Polish financial situation. The Soviet contact indicated that the USSR might be constrained to assist Poland if the latter were to default on its hard currency debt payments. Although Western bankers were "mistaken" in their view that the Soviets are ultimate guarantors of East European debts, the source continued, the Soviets in their own interest "would have to do something" if Poland were to "cross that red line." He would not comment on what sort of "advice" the Soviets might feel constrained to give the Poles on the subject of debt management, but did say that the West tends to exaggerate the degree of Soviet influence over the East European countries. The general sense of the conversation, however, suggests that the possibility of a large-scale Polish failure to meet payments is being seriously considered in Moscow.

III. Possible Scenarios

There appear to be five possible scenarios for the future course -- and possible resolution -- of Poland's financial difficulties. Of these, the "worst case" and the "best case" scenarios appear to be the least plausible. Ordered from best to worst, the possible scenarios are:

(1) No Debt Rescheduling. This is the "best case", in which the GOP may succeed in "muddling through", much as it has up to now. However, an optimistic evaluation of the prospect of the GOP coping with and eventually resolving its financial difficulties must take into account that only now is Poland in its period of heaviest financial repayment obligations and most difficult domestic managerial challenge.

Because of the deteriorating payments situation over the past few years, the GOP leadership has gradually faced its problems and attempted corrective actions. The Polish

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investment plan has been extensively revised, shifting its focus towards consumer goods industries and export expansion while cutting back overall levels of planned investment and postponing investments not immediately necessary. As a consequence, imports of Western machinery, equipment, and industrial material have been cut back significantly. The regime has attempted to husband its hard currency earning and borrowing resources to better meet necessary grain and Western oil import payments, as well as make scheduled debt repayments. The Polish Government appears to have more fully admitted to itself what its key problems and its prospects are, and has become correspondingly much more frank with the USG and other foreign governments, with the commercial banking sector, and with even-its own populace about the situation and its demands.

The corrective efforts underway might still be a case of too little too late. The GOP has continued difficulty in boosting meat and consumer goods supplies, thereby restricting its ability to placate the populace. Energy production has been problematic, as existing mine and transport capacity has proven incapable of supplying coal for sufficient power generation this winter (leading to lost industrial production). The Poles have admitted to cutting back import approvals for the light industry sector too vigorously, causing severe production bottlenecks which necessitated relaxing the cutbacks. This type of problem is believed to have been more widespread than admitted, and may interfere with the production necessary for Polish efforts to increase exports. Polish workers' money incomes are still rising faster than goods availability, adding to inflation and intensifying pressure on the regime to meet consumer demands.

In the end, the prospects for the no debt rescheduling scenario rest on the GOP's managerial and political skills: i.e., does Poland have sufficient skill and resolve to keep its house in order? As the falling real income and shortages concomitant to an austerity program encourage manifestations of worker and consumer unrest, the GOP's ability to cope may falter.

Against these domestic factors it should be noted that the external challenge to Poland is huge. At the end of 1978 Polish medium and long term hard currency debt reached

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approximately \$16 billion; the Poles have stated they will need \$5.2 billion in credits for 1979 from private and official sources. Although the Poles have successfully arranged a large \$500 million 7-year Eurodollar loan (soon to be announced) as part of that borrowing effort, there is at least still \$1 billion of Polish borrowing this year, for which a ready source is not identifiable by USG analysts. If even more austerity is required in 1979, it may compound the domestic problems the GOP already faces. Consequently, this "best case" scenario does not seem as plausible now as it did only a few months ago.

(2) Reorganization of Privately-held Debt. The Poles may approach their private creditors to seek a refinancing of privately-held obligations. This would not be an untied loan, and refinancing would at least temporarily damage Western banks' confidence in Poland. Many of these banks are heavily exposed in Poland and generally view Poland's medium- and long-term prospects as fairly good. Private banks can be more flexible than official creditors, yet these banks may be reluctant to provide refinancing without some relief being provided by official creditors.

(3) Private Refinancing Coupled with Bilateral Reorganization with some Western Governments. Poland may again approach some official creditors bilaterally as it attempts to refinance with the private banks. Poland would probably turn first to its main official creditors which include the United Kingdom, France and the F.R.G. Precedents exist for bilateral arrangements; in 1971 Romania reorganized its official debt with the F.R.G., though as most of this debt was government-backed, the lines of responsibility were simplified. Indeed the U.S. did reschedule, on a bilateral basis, a limited amount of Polish PL-480 repayments in 1975, but the circumstances were unique. However, it is the policy of the U.S. Government to participate in debt reorganizations only in the framework of a multilateral creditor club arrangement. This is to ensure that there is equitable burdensharing and that USG official loans, and loans guaranteed by the USG, are accorded no less favorable treatment than debts owned to other creditor countries. If Poland again approached other official creditors, the USG would not attempt to discourage Western governments to reorganize Poland's debt on a bilateral basis. Given the magnitude of Poland's debt, it is unlikely that Western governments would reschedule bilaterally as they would then be helping the Poles to pay off official and private-sector debts held by others.

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(4) Private and Official Debt Reorganization. Poland is not in arrears to either private or official credits, but it may approach its creditors if the situation becomes too desperate. Rescheduling could have important indirect benefits for Poland, such as providing a multilateral seal of approval for Poland's economic adjustment policies, thereby enhancing the country's creditworthiness and encouraging private capital inflows. To the extent that it is conditioned on implementation of an effective economic stabilization program, it would encourage Poland to break out of its financial bind. However rescheduling would undoubtedly affect Poland's credit rating in the short-run, making creditors more wary of extending future credits.

(5) Polish Debt Default. This is the most unlikely of all the scenarios, being at a minimum a de facto unilateral rescheduling of Poland's debts. Polish domestic political considerations, coupled with Soviet insistence, might preclude the close consultations with Western creditors as might be typical in the case of an imminent default, thereby making default unpreventable. However, the Soviet Union may intervene to prevent a default. The Soviets have assisted Poland in the past, and a unilateral default would be quite damaging to CEMA's (and hence the Soviet Union's) general creditworthiness and generally increase the cost of credit.

IV. Debt Reorganization Practices and Procedures

When a country does arrive at the brink of default, or actually fails to meet debt-service obligations, it may seek relief from some or all of its creditors by requesting reorganization* of all or part of its debts. Official and officially-guaranteed debt has been reorganized predominantly in "creditor clubs," notably the "Paris Club." While no Communist country has ever requested convening of a creditor club, there is no reason from a Western point of view why a Polish debt crisis should not be dealt with in such an arrangement. (See Annex A for details on USG debt rescheduling policy and creditor club practices and procedures.) From a Communist point of view, particularly the Soviet perspective, such an arrangement might prove unworkable and would ultimately depend on Moscow's perception of its hegemony over Warsaw.

In negotiating debt relief arrangements in recent years, the official creditors have insisted the debtor country undertake a comprehensive economic stabilization program to

*The term "debt reorganization" includes rescheduling and refinancing. Reorganization and consolidation are synonymous.

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strengthen its underlying balance of payments. In the absence of such a program, the official creditors would have no assurance that the basic objective of restoring the debtor's creditworthiness and strengthening its ability to service its debts would be achieved. Invariably, this stabilization program has been supported by a standby arrangement with the IMF.

In the case of a non-IMF member like Poland, the official creditors would not be able to rely on the IMF to help the debtor establish an effective program and monitor its implementation. The creditors would have to develop an alternative arrangement for ensuring the debtor adopts an effective stabilization program.

One possibility would be for the creditors to appoint a "wise man," empowered to approach the Polish authorities on behalf of the creditors to explain that, as a condition for debt relief, the creditors require assurances that Poland was following appropriate economic policies which, together with the prospective debt relief, would restore Poland's debt-servicing capability. The wise man would assist the Poles in preparing a paper, to be submitted to the creditors prior to the creditor club negotiation, describing the stabilization program which was in place or which Poland intended to adopt. The paper would also spell out economic preformance information that Poland would agree to submit to the creditors over the time period during which debt relief was extended. With the help of the wise man, the creditors would, in effect, take on the oversight function of the IMF.

Alternatively, the creditors could take the same approach as adopted for Chile in 1972 -- which is similar to the "wise man" approach but dispenses with an intermediary. At that Paris Club meeting the creditors, while stressing the necessity of an IMF standby, agreed to an exception under which Chile submitted a statement spelling out its economic and financial stabilization policies and setting quantitative targets for reducing inflation, restricting budgetary expenditures, controlling credit expansion, and limiting new external debt. Chile also promised to provide quarterly reports on its stabilization program through the IMF to the chairman of the Paris Club.

Drafted by: Sherman Boone
Treasury/ITE
March 14, 1979

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THIRD CPSR CRYPTOGRAPHY AND PRIVACY CONFERENCE

June 7, 1993

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EXCISE

Carnegie Endowment for International Peace

2400 N. Street, NW

Washington, DC

8:30 Coffee

9:00 Welcome and Introductions

9:30 Introduction to Cryptography

David Kahn, a noted historian of cryptography, will provide an overview of cryptography and discuss the current trend toward use in everyday activities.

10:00 Government Cryptography Policy

In the past several years, law enforcement and intelligence agencies have attempted to restrict the public development and implementation of cryptography. This panel will discuss recent developments including the Clipper Proposal, the Digital Signature Standard and the roles of NIST and the NSA under the Computer Security Act of 1987.

Moderator: Rick Weingarten, Executive Director, Computer Research Associates

Participants: John Podesta, Staff Secretary, The White House
David Sobel, Computer Professionals for Social Responsibility
Ray Kammer, Acting Director, National Institute for Standards and Technology
Dr. Steven Bryen, Secure Communications Technology

11:15 Break

11:30 The Digital Telephony Proposal

In 1992 the Federal Bureau of Investigation introduced a proposal to require that telecommunications manufacturers and service providers redesign their systems to facilitate wiretapping. This panel will discuss the implications of that proposal on privacy, security and the telecommunications network.

Moderator: David Flaherty, Wilson Center/University of Western Ontario

Participants: Janlori Goldman, Privacy and Technology Project, ACLU
James K. Kallstrom, Federal Bureau of Investigation
Dr. Dorothy Denning, Georgetown University
William Murray, Deloitte and Touche

12:30 Lunch (provided)

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1:15 Debate - Encryption Policy, Privacy and Government Secrecy

Moderator: Professor Lance Hoffman, George Washington University

Participants: Whitfield Diffie, Sun Microsystems
Alan R. McDonald, Federal Bureau of Investigation

2:00 Export Controls

Currently, federal regulations restrict products that contain encryption from export. This panel will discuss the problems that these restrictions present and how they affect the use of cryptography within the United States.

Moderator: Roszel Thomsen, McKenney, Thomsen & Burke

Participants: Ilene Rosenthal, Software Publishers Association
Allan Suchinsky, Office of Defense Trade Controls, State Department
David Peyton, Information Technology Association of America

3:00 Cryptography in Everyday Use

This panel will look at the present and future applications of public key cryptography including Digital Cash, Privacy-Enhanced Mail, and Pretty Good Privacy.

Wayne Matson
Moderator: Mikki Barry, Intercon Systems

Presenters: Phil Zimmerman, Pretty Good Privacy
Steve Crocker, Trusted Information Systems
David Chaum, DigiCash

4:00-6:00 Reception at Carnegie

Marc Rotenberg, David Banisar
CPSR Washington Office
202-544-9240 (voice),
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CPSR Cryptography and Privacy Conference
June 7, 1993

| <u>Name</u> | <u>Organization</u> |
|------------------|----------------------------------|
| John Adams | IEEE Spectrum |
| Charlotte Adams | FCW |
| Michael Autrey | Privacy Times |
| Stewart Baker | NSA |
| Brian Baker | CUA Law School |
| James Bamford | ABC World News Tonight |
| David Banisar | CPSR |
| Mikki Barry | Intercon Systems |
| Jerry Berman | Electronic Frontier Foundation |
| Jim Bidzos | RSA |
| Denis Bieber | SecurTech |
| Jane Bortnick | Congressional Research Service |
| Martina Bradford | AT&T |
| Clint Brooks | NSA |
| Reese Brown | Jnl of Intel. and Counter-Intel. |
| Steven Bryen | SecurTech |
| David Burnham | TRAC |
| Jean Camp | IEEE |
| Karen Casser | |
| James Chandler | GWU |
| Dan Charles | NPR |
| David Chaum | DigiCash |
| John Cohen | House Judiciary Committee |
| Sarah Comley | |
| Dan Cook | Department of State |
| Steven Crocker | TIS |
| Colin Crowe | House Telecomm |
| Jim Dempsey | House Judiciary Committee |
| Dorothy Denning | Georgetown University |
| Whitfield Diffie | Sun Microsystems |
| Mario Einaudi | CPSR |
| Woody Evans | US West |
| David Farber | University of Pennsylvania |
| Addison Fischer | Fischer International |
| David Flaherty | Wilson Center |
| Greg Frazier | House Committee on Intelligence |
| Bob Gellman | House Govt. Operations Comm |
| Frank Gilbert | |
| John Gilmore | Cygnus Support |
| Sol Glasner | Mitre |
| Janlori Goldman | ACLU |
| Harry Goodman | NPR |
| Tom Guidoboni | |

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CPSR Cryptography and Privacy Conference
June 7, 1993

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| <u>Name</u> | <u>Organization</u> |
|------------------|---------------------------------|
| Ann Harkins | Senate Judiciary Committee |
| Evan Hendricks | US Privacy Council |
| Ezra Herman | BNA |
| Lance Hoffman | George Washington University |
| Paul Hyland | CPSR |
| David Johnson | Wilmer, Cutler & Pickering |
| David Kahn | Newsday |
| Jim Kallstrom | FBI |
| Ray Kammer | NIST |
| Phil Karn | Qualcomm |
| Stuart Kern | Department of Treasury |
| Jack King | BNA Legal Report |
| Rob Kurz | House Govt. Operations |
| Steven Levy | MacWorld |
| Herb Lin | National Academy of Sciences |
| Steve Lipner | Mitre |
| Wayne Madsen | Computer Sciences Corp |
| Fred Mailman | HP |
| John Markoff | NY Times |
| Kate Martin | CNSS/ACLU |
| Alan McDonald | FBI |
| Kate McGee | Oracle |
| John McMullen | Newsbytes |
| Lynn McNulty | NIST |
| Brock Meeks | Communications Daily |
| Ken Mendelson | House Judiciary Committee |
| Ellen Messmer | Network World |
| John Mintz | Washington Post |
| William Murray | Deloitte and Touche |
| Mike Nelson | OSTP |
| Juan Osuna | CRA |
| Bill Pauli | Apple Computer |
| Beverly Peterson | GAO |
| David Y. Peyton | ITAA |
| Harold Podell | General Accounting Office/OSI |
| John Podesta | The White House |
| Bill Poulis | Apple Computer |
| Bob Rarog | Digital Equipment Corp. |
| Mitch Ratcliffe | MacWeek |
| Harold Relyea | Congressional Research Service |
| Jeff Richelson | National Security Archive |
| Ilene Rosenthal | Software Publishers Association |
| Marc Rotenberg | CPSR |

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CPSR Cryptography and Privacy Conference
June 7, 1993

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| <u>Name</u> | <u>Organization</u> |
|--------------------|--------------------------------|
| Debbie Rudolph | IEEE |
| Cathy Russell | Senate Judiciary Committee |
| Jeff Schiller | MIT |
| Wynn Schwartau | Inter*Pak |
| John Schwartz | Washington Post |
| Bob Smith | Privacy Journal |
| Olly Smoot | CBEMA |
| David Sobel | CPSR |
| John Sonderman | Department of State |
| Ross Stapleton | CIA |
| Gary Stern | ACLU |
| Allan Suchinsky | Department of State |
| Roszel Thomsen | McKenney, Thomsen & Burke |
| Lee Tien | |
| Peter Wayner | Georgetown University |
| Rick Weingarten | Computer Research Association |
| Danny Weitzner | Electronic Frontier Foundation |
| William Whitehurst | IBM |
| Steven Wolff | NSF |
| Phil Zimmermann | Boulder Software Engineering |

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MEMORANDUM

TO: The Files

FROM: PM/DTC/CED: John Sonderman

SUBJECT: CPSR Cryptography and Privacy Conference
June 7, 1993, Washington, DC

The first speaker was David Kahn, author of The Codebreakers. He gave an overview of cryptography. He claimed cryptographic growth follows communication growth, as communications expand, cryptography expands. Governments want to prevent the growth of cryptography to maintain order and security. The government feels it must know what is happening in society. The U.S. government is trying to control cryptography through export controls and introduction of the clipper chip. Both help maintain the status quo and prevent privacy from advancing.

Kahn went on to state that privacy is good. A balance must be made between national security and privacy/profit. He claimed if you outlaw good crypto only the outlaws will have good crypto. Further, while the government wants to hold back technology, it can't, the government can only delay technology. He pointed out that even Iran is on the BITNET. Philip Zimmermann then stated trying to stop cryptography was "...like trying to stop the wind."

Zimmermann went on to state that the government was on the "...wrong side of the power curve... it may not be a choice of are we going to live in a world of unbreakable crypto, we can't stop it, we must find a way to adjust." Zimmermann claimed that while outlawing drugs and alcohol may have merits, outlawing cryptography had no basis. He claimed "cryptography doesn't hurt people."

Kahn concluded that there are three government proposals currently: CCEP, DSS, and Clipper. Each alone is innocuous, but all three together are something else.

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The next speaker was Ray Kammer, acting director of NIST. He addressed the Clipper initiative. He stated that Clipper is currently delayed do to problems finding key escrow agents and export control issues.

David Sobel, CPSR, spoke next on the Digital Signature Standard and the Computer Security Act of 1987. The act divided government cryptography into two categories, military controlled by NSA, and civilian controlled by NIST. Yet with DSS, of the documents CPSR obtained, 143 were from NIST and 1,138 were NSA. Sobel claimed NSA was running civilian cryptography, and that this was probably true in Clipper as well.

Dr. Steven Bryen, Secure Communications Technology, spoke on Clipper. He claimed Clipper was technology that will compete with his private sector products. Bryen stated that NIST/NSA had not identified the threat that clipper helps diminish. He also claimed Clipper was a domestic solution to an international problem. U.S. firms need secure communication abroad, and foreign governments might not allow Clipper in, or if they did demand the escrow keys.

Zimmermann then added a few comments. He said he was just back for Eurocrypt, and that he had learned that SHA hash algorithm was pretty good. He also stated:

Clipper is voluntary for the moment until the other shoe drops... throw the baby out with the bath water, put the entire population at risk to catch a few criminals

Zimmermann continued stating that "...someday the government may change to a bad government... government has a history of abuse, there is a crying need for cryptography... not to employ cryptographic technology..." helps a police state.

John Gilmore claimed the counter reaction to the clipper proposal could be far more wide spread use of non-clipper encryption. Gilmore questioned how the intel community would interface with the escrow system.

During a break, Stephen Crocker of Trusted Information Systems approached me and expressed his frustration with DTC. He claimed he had sent several letters requesting permission to put his TIS/PEM product on his FTP server. Having received no reply, he went ahead and did it anyway.

Several FBI agents spoke on the merits of the FBI Digital Telephony Proposal. The main criticism expressed by the audience was that the FBI hadn't justified the need for the proposal.

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John Podesta of the White House spoke on the Clipper proposal. He claimed clipper addressed three issues: (1) providing a higher level of security, (2) takes advantage of advances in technology, and (3) takes into consideration the needs of law enforcement.

David Peyton, Information Technology Association of America spoke first on export controls. He claimed government policy needed to get in touch with reality. Cryptographic technology was available outside the U.S. and current policy was a "unilateral give away" to Britain and Finland. U.S. vendors are kept at a "policy disadvantage." He wanted the U.S. to decontrol cryptography over the Internet and to adopt the rules agreed to at COCOM. Exports should be allowed to legitimate end users in friendly countries.

Ilene Rosenthal, Software Publisher Association, also addressed foreign availability. She stated that increases in foreign sales meant more customers want cryptographic functions in the software. Sophisticated customers want the best security including DES. Foreign cryptographic products now dominate the market with 143 foreign software manufacturers from 13 countries. She also claimed the Internet made cryptography widely available including PGP which has become a standard in Europe.

Alan Suchinsky and Dan Cook of PM/DTC spoke on current export restrictions. Glenn S. Tenney of Fantasia Systems, Inc. asked how many investigations into export violations for cryptography were ongoing. Suchinsky said he did not know but would find out. During questions about criteria for export Zimmermann added "how about common sense?"

Steve Crocker, of Trusted Information Systems (TIS) spoke on his companies implementation of Privacy Enhanced Mail (PEM). TIS/PEM, as it is called, provides security, confidentiality and authentication. Crocker said he has mounted TIS/PEM on his Internet FTP server for anonymous access, but he had implemented some controls to reduce international distribution. TIS/PEM uses MD2, MD5, DES and RSA.

Philip Zimmermann spoke on his software program called Pretty Good Privacy (PGP). Zimmermann said PGP uses RSA/IDEA for encryption, RSA/MD5 to sign messages, plaintext compression, pass phrases with MD5 form IDEA keys and a grass roots trust model for public key certification. Zimmermann said he plans to change the signature mechanism from MD5 to IDEA after Zimmermann learned of weaknesses in MD5 while attending EUROCRYPT '93.

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Zimmermann went on to state that PGP was published in June of 1991. Zimmermann claimed he did not know about the internet himself, but gave it to a friend that posted it onto netnews groups with a USA distribution set. He stated pgp was a "grass roots social phenomenon" and a matter of free speech. He claimed you "can't stop this."

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MEMORANDUM

TO: ODUSD/DTSA/ML - Col. Richey
FROM: PM/DTC/CEB - Clyde G. Bryant, Jr.



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United States Department of State

Washington, D.C. 20520

Bureau of Politico-Military Affairs

CENTER for DEFENSE TRADE

OFFICE OF DEFENSE TRADE CONTROLS

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FROM: John Sonderman PM/DTC/CEB
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FAX #: 703-875-5663

TEL #: 703-875-5650

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STATEMENT OF CHAIRMAN SAM GEJDENSON
SUBCOMMITTEE ON ECONOMIC POLICY, TRADE
AND ENVIRONMENT

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This hearing is about the well intentioned attempts of the National Security Agency to try to control the uncontrollable. The NSA seeks to restrict the export of software which is sold in the United States on a mass market basis.

You can go into a software store in virtually any mall in the United States and buy this software. The NSA itself acknowledges that if you have a long distance telephone line and a modem, you can send this software anywhere in the world. If you have a computer and a modem you can take this software off of the Internet anywhere in the world. But the NSA seeks to

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control its sale not only to countries like Iran, but to countries like Taiwan and Singapore, and even to the United Kingdom and France.

Not only must we wonder why the U.S. seeks to limit sales to our NATO allies and to others in the Free World, but why does NSA think it possible? The issue is not whether individuals in these markets will obtain such software. They certainly will. The issue is whether they will get it legally or illegally, and whether they will get it from American companies or from foreign companies.

I do not question the value of the information sought by the National Security Agency. But once it is determined that the dispersion of this software cannot be controlled, then however much we might want to

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protect our ability to obtain information, it is beyond our
means to do so.

Just as in the case of telecommunications, the National Security Agency is attempting to put the genie back in the bottle. It won't happen; and a vibrant and productive sector of American industry may be sacrificed in the process.

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Testimony of Philip Zimmermann to
Subcommittee for Economic Policy, Trade, and the Environment
US House of Representatives
12 Oct 1993

Mr. Chairman and members of the committee, my name is Philip Zimmermann, and I am a software engineer who specializes in cryptography and data security. I'm here to talk to you today about the need to change US export control policy for cryptographic software. I want to thank you for the opportunity to be here and commend you for your attention to this important issue.

I am the author of PGP (Pretty Good Privacy), a public-key encryption software package for the protection of electronic mail. Since PGP was published domestically as freeware in June of 1991, it has spread organically all over the world and has since become the de facto worldwide standard for encryption of E-mail. The US Customs Service is investigating how PGP spread outside the US. Because I am a target of this ongoing criminal investigation, my lawyer has advised me not to answer any questions related to the investigation.

I. The information age is here.

Computers were developed in secret back in World War II mainly to break codes. Ordinary people did not have access to computers, because they were few in number and too expensive. Some people postulated that there would never be a need for more than half a dozen computers in the country. Governments formed their attitudes toward cryptographic technology during this period. And these attitudes persist today. Why would ordinary people need to have access to good cryptography?

Another problem with cryptography in those days was that cryptographic keys had to be distributed over secure channels so that both parties could send encrypted traffic over insecure channels. Governments solved that problem by dispatching key couriers with satchels handcuffed to their wrists. Governments could afford to send guys like these to their embassies overseas. But the great masses of ordinary people would never have access to practical cryptography if keys had to be distributed this way. No matter how cheap and powerful personal computers might someday become, you just can't send the keys electronically without the risk of interception. This widened the feasibility gap between Government and personal access to cryptography.

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Today, we live in a new world that has had two major breakthroughs that have an impact on this state of affairs. The first is the coming of the personal computer and the information age. The second breakthrough is public-key cryptography.

With the first breakthrough comes cheap ubiquitous personal computers, modems, FAX machines, the Internet, E-mail, digital cellular phones, personal digital assistants (PDAs), wireless digital networks, ISDN, cable TV, and the data superhighway. This information revolution is catalyzing the emergence of a global economy.

But this renaissance in electronic digital communication brings with it a disturbing erosion of our privacy. In the past, if the Government wanted to violate the privacy of ordinary citizens, it had to expend a certain amount of effort to intercept and steam open and read paper mail, and listen to and possibly transcribe spoken telephone conversation. This is analogous to catching fish with a hook and a line, one fish at a time. Fortunately for freedom and democracy, this kind of labor-intensive monitoring is not practical on a large scale.

Today, electronic mail is gradually replacing conventional paper mail, and is soon to be the norm for everyone, not the novelty it is today. Unlike paper mail, E-mail messages are just too easy to intercept and scan for interesting keywords. This can be done easily, routinely, automatically, and undetectably on a grand scale. This is analogous to driftnet fishing — making a quantitative and qualitative Orwellian difference to the health of democracy.

The second breakthrough came in the late 1970s, with the mathematics of public key cryptography. This allows people to communicate securely and conveniently with people they've never met, with no prior exchange of keys over secure channels. No more special key couriers with black bags. This, coupled with the trappings of the information age, means the great masses of people can at last use cryptography. This new technology also provides digital signatures to authenticate transactions and messages, and allows for digital money, with all the implications that has for an electronic digital economy. (See appendix)

This convergence of technology — cheap ubiquitous PCs, modems, FAX, digital phones, information superhighways, et cetera — is all part of the information revolution.

Encryption is just simple arithmetic to all this digital hardware. All these devices will be using encryption. The rest of the world uses it, and they laugh at the US because we are railing against nature, trying to stop it. Trying to stop this is like trying to legislate the tides and the weather. It's like the buggy whip manufacturers trying to stop the cars — even

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with the NSA on their side, it's still impossible. The information revolution is good for democracy — good for a free market and trade. It contributed to the fall of the Soviet empire. They couldn't stop it either.

Soon, every off-the-shelf multimedia PC will become a secure voice telephone, through the use of freely available software. What does this mean for the Government's Clipper chip and key escrow systems?

Like every new technology, this comes at some cost. Cars pollute the air. Cryptography can help criminals hide their activities. People in the law enforcement and intelligence communities are going to look at this only in their own terms. But even with these costs, we still can't stop this from happening in a free market global economy. Most people I talk to outside of Government feel that the net result of providing privacy will be positive.

President Clinton is fond of saying that we should "make change our friend." These sweeping technological changes have big implications, but are unstoppable. Are we going to make change our friend? Or are we going to criminalize cryptography? Are we going to incarcerate our honest, well-intentioned software engineers?

Law enforcement and intelligence interests in the Government have attempted many times to suppress the availability of strong domestic encryption technology. The most recent examples are Senate Bill 266 which mandated back doors in crypto systems, the FBI Digital Telephony bill, and the Clipper chip key escrow initiative. All of these have met with strong opposition from industry and civil liberties groups. It is impossible to obtain real privacy in the information age without good cryptography.

The Clinton Administration has made it a major policy priority to help build the National Information Infrastructure (NII). Yet, some elements of the Government seems intent on deploying and entrenching a communications infrastructure that would deny the citizenry the ability to protect its privacy. This is unsettling because in a democracy, it is possible for bad people to occasionally get elected — sometimes very bad people. Normally, a well-functioning democracy has ways to remove these people from power. But the wrong technology infrastructure could allow such a future government to watch every move anyone makes to oppose it. It could very well be the last government we ever elect.

When making public policy decisions about new technologies for the Government, I think one should ask oneself which technologies would best strengthen the hand of a police state. Then, do not allow the Government to deploy those technologies. This is simply a matter of good civic hygiene.

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II. Export controls are outdated and are a threat to privacy and economic competitiveness.

The current export control regime makes no sense anymore, given advances in technology.

There has been considerable debate about allowing the export of implementations of the full 56-bit Data Encryption Standard (DES). At a recent academic cryptography conference, Michael Wiener of Bell Northern Research in Ottawa presented a paper on how to crack the DES with a special machine. He has fully designed and tested a chip that guesses DES keys at high speed until it finds the right one. Although he has refrained from building the real chips so far, he can get these chips manufactured for \$10.50 each, and can build 57000 of them into a special machine for \$1 million that can try every DES key in 7 hours, averaging a solution in 3.5 hours. \$1 million can be hidden in the budget of many companies. For \$10 million, it takes 21 minutes to crack, and for \$100 million, just two minutes. That's full 56-bit DES, cracked in just two minutes. I'm sure the NSA can do it in seconds, with their budget. This means that DES is now effectively dead for purposes of serious data security applications. If Congress acts now to enable the export of full DES products, it will be a day late and a dollar short.

If a Boeing executive who carries his notebook computer to the Paris air show wants to use PGP to send email to his home office in Seattle, are we helping American competitiveness by arguing that he has even potentially committed a federal crime?

Knowledge of cryptography is becoming so widespread, that export controls are no longer effective at controlling the spread of this technology. People everywhere can and do write good cryptographic software, and we import it here but cannot export it, to the detriment of our indigenous software industry.

I wrote PGP from information in the open literature, putting it into a convenient package that everyone can use in a desktop or palmtop computer. Then I gave it away for free, for the good of our democracy. This could have popped up anywhere, and spread. Other people could have and would have done it. And are doing it. Again and again. All over the planet. This technology belongs to everybody.

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III. People very badly want their privacy.

PGP has spread like a prairie fire, fanned by countless people who fervently want their privacy restored in the information age.

Today, human rights organizations are using PGP to protect their people overseas. Amnesty International uses it. The human rights group in the American Association for the Advancement of Science uses it.

Some Americans don't understand why I should be this concerned about the power of Government. But talking to people in Eastern Europe, you don't have to explain it to them. They already get it — and they don't understand why we don't.

I want to read you a quote from some E-mail I got last week from someone in Latvia, on the day that Boris Yeltsin was going to war with his Parliament:

"Phil I wish you to know: let it never be, but if dictatorship takes over Russia your PGP is widespread from Baltic to Far East now and will help democratic people if necessary. Thanks."

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In conventional cryptosystems, such as the US Federal Data Encryption Standard (DES), a single key is used for both encryption and decryption. This means that a key must be initially transmitted via secure channels so that both parties have it before encrypted messages can be sent over insecure channels. This may be inconvenient. If you have a secure channel for exchanging keys, then why do you need cryptography in the first place?

In public key cryptosystems, everyone has two related complementary keys, a publicly revealed key and a secret key. Each key unlocks the code that the other key makes. Knowing the public key does not help you deduce the corresponding secret key. The public key can be published and widely disseminated across a communications network. This protocol provides privacy without the need for the same kind of secure channels that a conventional cryptosystem requires.

Anyone can use a recipient's public key to encrypt a message to that person, and that recipient uses her own corresponding secret key to decrypt that message. No one but the recipient can decrypt it, because no one else has access to that secret key. Not even the person who encrypted the message can decrypt it.

Message authentication is also provided. The sender's own secret key can be used to encrypt a message, thereby "signing" it. This creates a digital signature of a message, which the recipient (or anyone else) can check by using the sender's public key to decrypt it. This proves that the sender was the true originator of the message, and that the message has not been subsequently altered by anyone else, because the sender alone possesses the secret key that made that signature. Forgery of a signed message is infeasible, and the sender cannot later disavow his signature.

These two processes can be combined to provide both privacy and authentication by first signing a message with your own secret key, then encrypting the signed message with the recipient's public key. The recipient reverses these steps by first decrypting the message with her own secret key, then checking the enclosed signature with your public key. These steps are done automatically by the recipient's software.

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TEL #: 703-875-5650

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Subcommittee Statement.

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27

Washington Outlook

EDITED BY STEPHEN H. WILDSTROM

EXPORT CONTROLS: CLINTON DRAWS A LINE IN THE SAND

It was a barrier tough enough to stop a Mack truck. In 1992, the government blocked exports of U.S.-made trucks to Iran to prevent possible military use. The real loser, however, wasn't the Tehran regime, which bought its trucks from Europe and Japan instead, but American manufacturers that have been frozen out of a \$1 billion-a-year market.

Such tales of woe explain why U.S. business is keeping a nervous eye on legislation overhauling U.S. export licensing. So far, the Clinton Administration has mostly delivered on its pledge to make it easier for American companies to export. Last September, the White House eased controls on computers and other high-tech gear. And on Mar. 30, it swept away bans on the sales of most computer and telecommunication technology to China and the former Soviet bloc.

But business fears that the legislation won't do much more to relax regulations on exporters that were designed for the cold-war era. "Clinton's position does not go as far as industry would like," explains Robert Kimbrel, export-control administrator for 3M in St. Paul.

DUELING DRAFTS. The battleground will be proposed legislation to rewrite the 1979 Export Administration Act, which expires in June. The biggest disputes are over government's power to impose unilateral export bans and restrictions on the overseas sale of cryptographic technology. The Administration's bill favors multilateral action, but it would still give the President free rein to impose sanctions such as the Iran truck ban. "We believe that is a policy of failure," says Greg Garcia, trade specialist for the American Electronics Assn.

While the Administration draft wends its way through the Senate, a coalition of companies, from old-line manufacturers to high-tech exporters, is backing a more sweeping House ver-

sion sponsored by Foreign Affairs trade subcommittee Chairman Sam Gejdenson (D-Conn.). His bill would make it more difficult for the Administration to impose controls—and would require the expiration of prohibitions after six months unless extended by Congress. The White House believes that goes too far. "We think we've struck the proper balance between economic competitiveness and nonproliferation," says a top Administration official.

Industry also faults the Clintonites for failing to streamline licensing and decontrol procedures for those products whose

export is still restricted. Exporters want requests processed within 30 days and sales decontrolled as soon as the technology becomes available from foreign sources.

VETO BAIT? Cryptography, however, may be the thorniest issue. Prodded by the National Security Agency, which fears it will no longer be able to eavesdrop on terrorists and criminals, the White House has refused to relax stiff controls, as called for in the Gejdenson bill. "It's a tough issue—and it's unlikely that we will move from our position," says a top Administration official. Industry spokesmen grumble that they will lose billions in sales, since technology to encrypt data files and communications can be freely bought abroad.

In the end, exporters and the Administration will seek a compromise on most issues. "We are in the same ballpark, just not on the same yard line," says Gejdenson. But cryptography poses a dilemma. If business pushes the issue too hard, it could wind up with a bill it likes—only to see it vetoed. Predicts Garcia: "The fate of the bill may hinge on encryption." And with the House and Senate working on very different versions, the road to easier export rules is likely to prove a rough one, even for a Mack truck.

By John Carey



GEJDENSON'S BILL MAY BACKFIRE

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CAPITAL WRAPUP

HEALTH CARE

After months of effort, the Clinton Administration has finally won the backing of a business coalition that favors a mandate on employers to guarantee universal health benefits. But the results are falling far short of the hopes of Hillary Rodham Clinton and Wexler Group, the lobbying firm that is coordinating the business effort. The big problem is that coalition members' agreement in support of "an employment-based system" remains very narrow. Staunch supporters of the Clinton plan, such as American Airlines, Chrysler, and Ford, favor the requirement that employers pay 80% of premiums.

Major groups such as the Association of Private Pension & Welfare Plans and the American Hospital Assn. shy away from all the details in the Clinton plan. Other companies, including Eastman Kodak, NYNEX, and Sun Co., are looking for middle ground.

The biggest disappointment to the Clintonites is that the business support for its version of reform is still dominated by the old-line manufacturers that are hoping the government will take over their heavy health expenditures for early retirees. The new coalition "was supposed to broaden the base of support," grumbles one member. "But it's being dominated by the same old employers."

THRIFTS

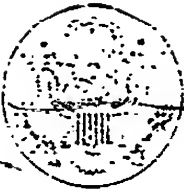
Courts are making it a bit tougher for the Resolution Trust Corp. to sweep up the remains of the savings and loan debacle. An appeals court in Washington has barred the RTC from subpoenaing information on the personal finances of former thrift officers and directors for the sole purpose of discovering whether there is a case worth pursuing.

In a case brought by former S&L executive William F. Walde, the court ruled that the RTC must first show an "articulable suspicion" that the target of a probe is liable for the failure of the thrift.

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CIRCULAR LETTER



DEPARTMENT OF STATE

Washington, D.C. 20520

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January 2, 1974

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Dear Colleague:

Enclosed is PM's present for your perusal as the New Year begins. We have attempted a more analytical approach to several of the topics discussed, which is partly a reflection of the Secretary's oft-reiterated desire to have all reasonable options presented for his consideration, and partly because we cannot hope to rival wire service tickers and cable traffic. I hope you find these circular letters useful, but I cannot stress too strongly that they be treated as strictly confidential bureau views, especially where they concern on-going negotiations.

* * * * *

First off, I would like to pass on to you some observations I made to the Secretary after my brief trip to Brussels, Paris, Bonn and London November 7-16:

Alliance Relationships. The Alliance is at a critical juncture. The new generation in Europe, devoid of historical memory of World War II, Berlin, Cuba, etc., is prone to doubt the utility of the Alliance. Thus, crises such as the Middle East present the danger of divisiveness within the Alliance. It was felt by some that the US played into the hands of those (such as the French?) who wish to undercut US leadership. Failure on our part to articulate the problem and inadequacy of consultation were cited. The Middle East crisis has clearly left a bad taste on both sides of the Atlantic. However, it may well be possible to seize upon it as an opportunity rather than a liability. I believe our allies are conscious that their own performance left much to be desired, even as they criticize the handling of the Alliance by the US. Moreover, they generally applaud the resolute way the US handled the matter in the Middle East and vis-a-vis the Russians.

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Agreement on Prevention of Nuclear War. Whatever purposes this agreement may serve, it has complicated our relations with the Europeans. Rightly or wrongly, it appears to our allies, at its best, as a shift in priority of US interests from them to the Soviets and, at its worst, as the epitome of super power condominium. As you know, the Secretary spoke at the NATO Ministerial on US perspectives with regard to the Agreement, emphasizing that: (a) its main purpose is to codify the requirement for consultation between the two major nuclear powers in advance and during a crisis (a matter no ally denies to be a valid requirement); (b) it explicitly provides for consultations with our allies and explicitly provides that the Agreement in no way diminishes commitments to our allies, including our nuclear commitment; and (c) it provides an important check upon aggressive Soviet politico-military behavior which could otherwise lead to crisis situations and in turn to nuclear war.

Relations with France. Uniformly, French actions seem, to our people in Europe, calculated to separate the US from its NATO allies. However, military to military cooperation continues. A preliminary indication has even been given that when the French finish their planning on tactical nukes, they will be willing to explore the possibility of some coordination with the US, though how far this will go is most uncertain. But, at a political level, there is less evidence of cooperation.

UK Defense Effort. In a lengthy luncheon conversation I learned that the British are considering, on a very close-hold basis, a cut in their defense effort. Though this was in no way suggested as imminent (after 1976 was the time frame), the problem the British are now having could well increase pressure on their defense budget. (Indeed, it already has.) They are interested in our views, or at least so indicated, as to how we would prefer to see such a cut distributed as between Europe and elsewhere. Their own priority is NATO and, interestingly enough, the development of a European defense entity (though precisely how this would impact on British defense planning is unclear). I think we could influence them, within limits, if we were clear what British military presence we found most important to us.

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Deputy Secretary Rush requested in late November a critique of Middle East crisis management and we responded with a paper on both substantive and procedural matters. One outgrowth of this process, of special interest to you, is that Mr. Rush approved our recommendations that: (1) the Operations Center, under the direction of the Executive Secretary, adopt procedures for automatic notification to all Embassies and missions abroad when confirmation has been obtained that we have instituted a change in the alert posture of US military forces; and (2) the Operations Center, under the direction of the Executive Secretary, and in consultation with other appropriate officials, direct Ambassadors in those countries with which we have security agreements or in which we have significant military forces to inform host governments that our forces have changed their alert posture. Other Ambassadors would be instructed to await specific guidance from Washington, but could request such guidance urgently if necessary. A cable incorporating this procedure has now been sent to the field. We have had some useful comments, notably from USNATO, which we are now considering.

On the PM front office personnel side, Lou Nosenzo has come over from Lulejian Associates to be a resident strategic policy analyst for the Bureau. Hawk Lindjord is up and about again and has resumed working full time. Boris Klosson is in town during the SALT recess. Jim Hall has departed for Saigon and Andy Spisak, fresh from the A-100 course at FSI, is our new Staff Assistant. Chris Jones has moved over to ISO and Dee Nicholson from the M staff, as our Staff Assistant for Administration, will be assisting Tom Stern in backstopping you.

Season's greetings and our best wishes for a happy and peaceful New Year to you and yours,

Sincerely,


Seymour Weiss
Director

Bureau of Politico-Military Affairs

Enclosures

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SALT

The SALT negotiations recessed November 16 after having achieved little progress in the last round. Resumption is expected in the latter half of January 1974.

The Soviet October 9 draft SALT agreement (described in the October circular letter) showed little change from their earlier positions. Although they hinted at some flexibility and clarified some aspects of their draft, major ambiguities, such as their MIRV proposal, remain subjects for negotiation. Toward the end of the session Semenov did indicate that the Soviets could agree to the establishment of "agreed aggregate numerical levels" for ICBM and SLBM launchers and strategic bombers, but provided that the US withdraw its so-called "forward-based systems" and that there be "mandatory account for the existence of nuclear systems in third countries." This position is similar to the Soviet posture in much of SALT ONE. The Soviets continue to show no inclination to accept a non-circumvention solution to "FBS". We continue to find unacceptable proposals for the unilateral withdrawal of US non-central systems forward deployed in support of alliance commitments, and Ambassador Johnson has reaffirmed to Semenov our unilateral statement of SALT ONE with respect to the non-inclusion of Allied NATO ballistic missile submarines.

Late in the last round, the Soviets also suggested a possible separate agreement on non-transfer. Our position remains that we cannot address the question of non-transfer until the main elements of a strategic offensive agreement have been worked out, i.e., until we know what is to be limited. We continue to support an equal aggregate level of 2350 ICBM and SLBM launchers and heavy bombers for each side--a level which would require modest Soviet reductions and allow a slight US buildup.

Ambassador Johnson consulted with the North Atlantic Council on November 12, shortly before the SALT recess, and discussed the main elements of the Soviet draft. The PermReps agreed that the draft was disappointing, particularly on "FBS".

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The US-Soviet Standing Consultative Commission (SCC), established to help implement the SALT ONE agreements, also adjourned in late November with the next session expected to begin in February or March, 1974. The US and Soviet commissioners achieved progress in some areas, including agreement ad referendum on limiting ballistic missile submarines under construction to a number consistent with a normal construction schedule, but significant differences remain on ICBM and SLBM dismantling and destruction procedures and on the question of "prior" notification of such activities.

During the holiday recess, we are taking stock of the current status of the negotiations with a view toward developing an approach for the resumption. The Verification Panel has met twice and is expected to meet again soon. Senator Jackson has suggested an approach of his own for SALT, involving deep reductions, as you have undoubtedly read in the press. An Ad Hoc Committee of the Verification Panel Working Group has also been active. Our principal focus has been the time-urgent question of possible limitations on Soviet MIRV development--particularly prospects for constraining MIRV development for the new Soviet heavy ICBM, the SS-X-18. The utility of seeking MIRV limits, and possible prices for achieving them, are being assessed. As you can imagine, there are differences of view on these points, but the useful discussions in the Verification Panel are at last beginning to sort out where the main issues are. As the Secretary pointed out in his year end press conference, we are dealing with a new and more complex set of issues in SALT TWO. Both sides are having problems in developing a conceptual frame-work for dealing with qualitative as well as quantitative issues. However, we believe there are good prospects for coming up with some new approaches, particularly to the MIRV problem, by the time the next session convenes.

MBFR

The talks have proceeded in a businesslike, serious manner from the outset, but at a brisker pace than we had anticipated. Contrary to expectations, the Warsaw Pact tabled the first proposal on November 8, shortly after the opening of the conference. The West countered by tabling a framework proposal on November 22. Essential elements of the two proposals are compared below:

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6.

Allied

Warsaw Pact

Area

--NATO Guidelines Area
(NGA - FRG, Benelux, GDR,
Czechoslovakia, Poland)

--NGA

--NGA in the first instance,
but done in manner designed
to avoid creation of special
juridical zone.

--Hungary issue reserved.

--Ground forces.

--Ground, air and nuclear forces.

--US-Soviet in 1st phase

--All forces, all countries,
in all phases.

Basic Mechanism

--Negotiate to a common
ceiling, in course of
which major disparities
and threatening elements are
to be redressed by special
cuts on the Soviet side
(heavier manpower cuts,
tanks, etc.).

--Maintain the correlation of
forces through equal proportional
cuts not only in manpower, but by
types of units.

Program of Reductions

--Two separately negotiated
phases involving: a 15% cut
of US and Soviet ground forces
in phase one; reduction to
common ceiling in phase two.

--A single phase negotiation
resulting in three reduction
steps: first, a 20,000 man cut
(1975); second, a 5% cut (1976);
third, a 10% cut (1977)--with
reduction applying at each step
to all MBFR direct participants,
on basis proportional to
present composition.

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7.

Disposition of Troops

--US has option to reduce by thinning out.

--Soviets must withdraw units.

--Associated measures (not yet formalized in Alliance) may involve additional demands regarding geographic and other restrictions on redeployment of withdrawn Soviet units.

--Foreign forces to be removed to national boundaries.

--Indigenous forces to be demobilized.

--Position on reserves indicates opposition to placing demobilized forces in reserve.

Disposition of Equipment

--US to have option to preposition heavy equipment.

--Soviet equipment must be withdrawn.

--Foreign equipment to be returned to national boundaries along with withdrawn units.

--Indigenous equipment to be removed from active service (no indication yet if Soviets have mothballing, destruction, etc., in mind).

Verification

--National means and a variety of other negotiated measures (mobile inspection teams, choke points, etc.).

--National means.

Associated Measures

--Assorted measures under discussion in NATO. (The former so-called prereduction constraints and other possible constraints directly associated with reductions, i.e., stabilizing and non-circumvention measures).

--Notification at outset and conclusion of "practical measures" to effect agreed reductions.

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8.

For the time being, the two sides will be arguing for their proposals and probing the other's position. The real Soviet priorities are not yet entirely clear. On the basis of the Eastern proposal, however, it would appear that the East's primary concerns in the talks are to secure (a) reductions of Western air and nuclear forces, (b) cuts in the Bundeswehr, and (c) restraints on possible future European defense cooperation. The agreed Allied position provides bargaining room to meet the first two Eastern concerns, but the Allies show increasing determination to preserve maximum flexibility with regard to the evolution of European defense cooperation. The current problem in Washington is to determine what is "tradeable" and what will be sought from the East as quids in return for our responsiveness on matters of concern to them. There is a growing conviction here that the West ought to take some steps early in the year to move the negotiations forward on ground that is favorable to us; but we want to avoid any major concessions early in the negotiations on issues that appear to have useful negotiating leverage, such as the Bundeswehr.

NSSM 171 Developments

The lengthy, diffuse planning exercise on Strategy and Forces for Asia (NSSM 171) continues to produce studies, but appears further than ever from engaging the real policy issues. It is now clear that we will not derive from this effort the long-range projection of our East Asian force posture that we hoped for earlier this year. Decisions are still demanded by circumstances, the paramount ones being the evolution of our relations with Peking and the uncertain military situation in Indochina.

On Thailand, the President has directed that our combat units remain until the end of the current dry season. Defense has been instructed to prepare plans for redeployments that would bring US personnel strength down to 27,400 men -- beginning in May 1974, and carrying through to the end of FY-75. Some largely cosmetic, non-combat-related reductions are to be considered in the meantime, in the event Thai political pressures grow intense. We are informing the Thai of our short-term planning and of the hold on major withdrawals until next May, indicating we hope then to resume withdrawals of combat aircraft in consultation with the RTG.

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On Taiwan, the departure last month of the last of the American C-130's, originally deployed in 1966 for Viet Nam support, will leave our numerical presence at approximately pre-Viet Nam levels. A further decision on withdrawals is being considered, but timing depends on the evolution of our relations with the PRC. Obvious candidates are the two US F-4 squadrons sent to Taiwan last year in connection with Enhance Plus. Their departure hinges on replacement of the F-5's the ROC transferred to us for the Vietnamese as well as on political considerations, and is thus somewhat flexible. Removal of these units would bring US military personnel levels down sharply. Of equal or greater significance, it would signal a qualitative shift in our presence on the island, as we would no longer have combat forces stationed there. 17

The concept of converting the US Army Division in Korea into a mobile reserve for the Western Pacific has gathered no ground swell of support, either here (it would reduce flexibility and perhaps intrude upon the North-South dialogue) or, more saliently, among the senior levels at the Pentagon.

UN Peace-Keeping Operations

In the aftermath of the Arab-Israeli War, PM organized and chaired a working group in the Operations Center to coordinate U.S. assistance to the United Nations for its peace-keeping operations. In addition to assisting in the initial deployment of UN forces from Cyprus, our UNEF Working Group has continued to facilitate UN airlifts of national contingents and support equipment. To date, the USG has provided on a non-reimbursable basis approximately \$4.5 million in airlifts of national contingents from Finland, Ireland, Peru, Panama, and Indonesia. We also picked up 220 Austrians and their gear in Vienna after they were left stranded by the Soviets, who had originally agreed to transport them. Currently 5,200 of the planned 7,500 UN troops are on the ground in the Middle East on six-month assignments. The peace-keeping is expected to cost \$30 million during the first six months, of which the US will pay \$8.6 million. In addition, we have done more than any other nation on a nonreimbursable basis in this operation. We continue to be approached by the UN for help, due in large measure to the fact that UN force contributors have regarded ours as the most efficient and helpful airline. Fly USAF!

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10.

The working group also coordinated the augmentation of UNTSO by 36 Soviet and American observers, as called for in the cease-fire agreements. The US has added 28 new officers to the 8 who were already on detail to UNTSO at the start of the war.

Iceland Negotiations

Foreign Minister Agustsson has met with the chief U.S. negotiator, Ambassador Porter, for two separate negotiating rounds, one in Washington and the other in Iceland, during the fall of 1973; another round is scheduled for mid-January 1974. No conclusions have been reached, but the Icelandic side, as expected, has indicated that if the base is to stay, there must be a reduction of the U.S. military presence by about one-third, making replacements as necessary and possible from among Icelandic or American civilians. The negotiations have been conducted in a friendly atmosphere made even more hopeful by the successful resolution of the bitter Anglo-Icelandic fisheries dispute. Among the issues in the current negotiation include the improvement of conditions for those American servicemen who would remain and the matter of consolidating the American presence on base.

Azores Negotiations

Ambassador Porter has held two negotiating sessions thus far with the Portuguese negotiator, Ambassador Themido. In these, the US has managed to convey its interest in retaining the Azores facilities, and has expressed its gratitude to the Portuguese for their cooperation during the aerial resupply effort to Israel. We have also listened to the Portuguese lament about how little the Portuguese Government has gotten out of the last extension and how important it will be--if there is to be a new extension--that the Portuguese Government feels satisfied at the bargain struck.

The Portuguese have obviously set a high price, but they have not yet tipped their hand to us on specifics. However, they have indicated their interest in sophisticated weaponry. Finally, they have also expressed keen interest in a rather full educational exchange package geared toward improving their business, managerial and technical skills.

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11.

A special study (NSSM 189) is now in preparation to reassess the value of the Azores base, especially in light of the use to which Lajes was put during our aerial resupply of the Israelis during the 1973 war. We are now awaiting a more complete Portuguese shopping list before moving to further analysis of possible "quids" we can offer, including rental, for the Lajes facility. (We remain committed to dealing with the NATO uses of the facility--both ASW and transit--in the burden-sharing context and hope to work out an agreement with Lisbon to pay only for the US uses.)

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Status of FY-74 Security Assistance Legislation

Congress passed authorizations and appropriations for FY-74 security assistance programs which, in addition to regular programs, provide funding to meet emergency program requests for Israel and Cambodia. Details are outlined below:

1. Worldwide programs (in millions):

| | | |
|----|--------------------------------|---------|
| a. | MAP | \$450 |
| b. | FMS | 0 |
| | NOA | \$325 |
| | Program Ceiling | \$730 |
| c. | Security Supporting Assistance | \$112.5 |

2. Israeli emergency assistance: \$2.2 billion (up to \$1.5 million available as grant assistance--the remaining on credit terms).

3. Cambodian emergency assistance: the Authorization bill allows the President to use the drawdown authority of Section 506 to provide up to \$200 million from Defense Department stocks to meet the emergency requirements for Cambodia.

This security assistance legislation was the subject of intense debate within Committees, on the floor of each House, and in the House-Senate Conferences. The Executive Branch succeeded in having a number of restrictive provisions dropped from the legislation. Although overall appropriations for MAP and FMS are low, the fact that the legislation passed at all represents a considerable triumph for the Administration.

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Lowenstein and Moose in Europe

On December 2, 1973, the Senate Foreign Relations Committee published its unclassified version of the Report on Europe: Burdensharing, MBFR and Nuclear Weapons. The report was written by Messrs. Lowenstein and Moose and, in its classified version, provides a most comprehensive analytic status report of the three areas it addresses. The Executive Branch security review of the report, which was coordinated by PM, required the intensive participation of more than seventy-five officials from State, DOD, ACDA and AEC and we believe it produced a valuable and informative unclassified summary. Although Senator Symington was not entirely satisfied with some of the deletions in the unclassified version of the report, he did state publicly that: "Nevertheless it represents a significant step forward in breaking down arbitrary barriers to information heretofore applied."

We expect that DOD and State will, in the near future, conduct a comprehensive review of our policies concerning the classification of information on nuclear weapons, which will be followed by executive session hearings sponsored by the Foreign Relations Committee of the Senate in February.

It may interest those of you in Europe who were involved in assisting Lowenstein and Moose that, on their return to Washington, they told us this had been the most satisfactory trip they had made in their long experience as Senate investigators. END UNCLASSIFIED.

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Offset and Burdensharing

The President's goal of 100% offset of our military balance of payments (BOP) deficit in NATO Europe received substantial impetus November 16 with the passage of the Jackson-Nunn Amendment. This legislation requires the President to reduce our troop strength in Europe by the same percentage that our military BOP for FY-74 is not offset. Although the language and the legislative history of the Amendment would suggest that our allies have 22 1/2 months to offset 12 months of our expenditures, the intent of Congress is obviously to offset the military BOP deficit on an annual basis, and our planning is based on this assumption. Our military BOP expenditures in Europe for FY-74 are estimated at \$2.5 billion. Excluding "non-NATO" related items, such as our strategic deterrent forces in Europe (which the Jackson-Nunn Amendment allows us to do), reduces this total to about \$2.2 billion, possibly less, pending final determination by the Departments of Commerce and Defense.

The most important offset package is the one now being negotiated with the FRG for FY-73/74. The Germans have so far offered "hard" offset (chiefly military procurement) totaling about \$1.4 billion for the two years, and it is unlikely that they will go higher. Indeed, the case can be made that if an agreement is not signed soon, the continuing improvement of the overall US BOP with Europe and the exigencies of the energy crisis may erode the position already obtained. It is generally agreed that a 100% offset figure for Germany is a political necessity--but that the Germans will never offer enough "hard" offset to cover the gap between their current \$1.4 billion offer and the \$3.3 billion which we estimate as our total BOP expenditure in Germany for FY-73/74. PM and EUR's position is that we should try and close the German negotiations quickly by filling the remaining gap with loans negotiated at concessionary rates of interest. However, the economic agencies (including some elements in State) object to loans as having no real BOP effect, and there is also some risk that Congress will not consider loans as valid offset. It is our hope that during January this can be sorted out both in Washington and with the Germans. One more effort will be made, however, to increase the hard offset component.

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14.

It is generally conceded that not much movement will take place on multilateral burdensharing until the FRG agreement is nailed down. We have presented our non-German allies with an illustrative program of procurement and budgetary support which would offset our non-German military BOP expenditures for FY-74, using approximately the NATO infrastructure formula. This proposal has resulted in some promises of additional procurement. In addition, we may be able to negotiate some reduction in our NATO infrastructure costs. Increased allied procurement and lowered US infrastructure costs should cause our BOP receipts from our non-German allies to come very close to fully offsetting the non-German side of the BOP deficit, estimated at from \$550 to \$750 pending final determination. We should therefore not have to resort to loans in the multilateral context.

The concept of "budgetary support" (payment by our European allies of incremental US budgetary costs associated with the stationing of US troops in Europe) has, for some time now, been folded into the overall problem of BOP offset. All of the programs for relieving our military BOP deficit have included some offset of budgetary costs as a component. We will probably receive on the order of \$150 million in budgetary support from our European allies for FY-74 (all of which counts as BOP offset). There is some movement in the bureaucracy to give budgetary support greater emphasis, but we see little prospects of getting much more from our allies, and some danger that any further increases in direct budget support will be at the expense of allied force improvements.

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15.

FILE

BRIEFING MEMORANDUM

S/S

December 24, 1973

TO : The Secretary

FROM: PM - Leon Sloss, Acting

Growing Difficulties of Access to Overseas Bases

Introduction

You have asked us to identify issues which do not require immediate decision but which will require some study, and involve decision at some later point. The growing difficulty in maintaining our worldwide base structure is an example of such an issue.

The Problem

Our ability to secure overseas base and facility rights for U.S. forces in many areas of the world will encounter increasingly tough-minded negotiating tactics by host governments, accompanied by tighter restrictions on our ability to use freely the bases and facilities in question. At the same time our ability to offer satisfactory guids for base rights has diminished.

We are now engaged in negotiations with Iceland, Portugal, and the Bahamas regarding the retention of important U.S. military facilities in each. There is a strong probability that DOD will seek our approval in the near future to move ahead with Phase II of homeporting the Carrier Task Group in Athens, involving deployment in 1974 of an aircraft carrier, its embarked air wing and a hospital support ship. Australian Defense Minister Barnard is scheduled here in early January to discuss the future status of the U.S. Navy communications facility at Northwest Cape. As we look beyond 1973, we will be under increasing pressures in Japan and Okinawa for further reductions and consolidation of our facilities there. The agreement covering our access to facilities and bases in Spain must be renegotiated by 1975; and there is every likelihood that President Marcos, probably within the next 18 months, will request a review of the status of our base arrangements in the Philippines.

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Background:

We discern a distinct trend for host governments increasingly to demand more in terms of a quid pro quo in exchange for base rights. This comes at a time of sharply curtailed resources available to the Executive Branch for such quids (military grant and/or credit assistance, PL 480, economic aid, EX-IM Bank drawing rights, etc.). Similarly, the Administration is confronted with Congressional efforts to circumscribe its leverage in providing political quid, such as new or broadened security commitments. (The Spanish have indicated that a U.S. security commitment may be central to their consideration of an extension of the 1970 base agreement.) Concurrently, we are likely to be faced again with legislative proposals that any subsequent basing arrangements must be either submitted to the Senate for "advice and consent" or be subjected to approval by a majority of both Houses of the Congress.

An associated and also vexing problem relates to usage of bases and facilities. We are finding it increasingly difficult to be assured of unfettered use of overseas military installations to serve U.S. interests, especially in situations where the policy the U.S. is following is one on which the host country has not been consulted or from which it wishes to disassociate itself. Furthermore, we find our ability to project military power from the Atlantic Basin into the Middle East and beyond limited not simply by an absence of dependable basing, but also by the restrictions imposed on our military overflights and, to a lesser extent, on U.S. Navy port visits. Some of these problems also relate directly to the upcoming Law of the Sea negotiations. For example, the issue of free passage through international straits could affect the Gibraltar Straits, which is pivotal to access of our ships and aircraft to the Mediterranean.

While this problem of restrictions, based on divergent national interests, can be seen almost everywhere we have bases, it was most graphically demonstrated during the recent Middle East War, and the conclusion is ominously clear. Our ability to project military power of any sort in the Middle East/Indian Ocean area is based on a rather slender structure of bases and agreements, without which we would be unable to back up our political initiatives in the Middle East area. This points up the central importance of Lajes (Azores), Diego Garcia (Indian Ocean), and Bandar Abbas (Iran) to our resupply of Israel and the ability to sustain the deployment of a carrier task group in the Indian Ocean. Of equal

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importance is our continued ability to have operational access through the Mediterranean and the Iranian/Turkish corridor for our military aircraft engaged in supporting U.S. military activities in the Western Indian Ocean/Arabian Sea area.

In view of the above considerations, we have informally been reviewing within the Department and with DOD how we can minimize the constraints, both foreign and domestic, which now affect, or promise to affect, our more essential overseas basing requirements. The issues identified below address (1) the guid to subsidize base rights, (2) our Congressional problems, and (3) the limitations in our Mediterranean base structure. It should be emphasized that each base rights negotiation presents a range of problems that are unique to the negotiation at hand, a judgment that points to the continued need for case-by-case analysis.

Analysis

ISSUE 1: The feasibility of DOD service-funding of straight rental or leasing arrangements as an alternative, but not a complete substitute, for underwriting guid costs for essential overseas base and operating requirements.

Advantages:

Service funding (a) recognizes the fact that program resources to fund adequately essential base rights (MAP, FMS, various forms of economic aid to include PL 480 and EX-IM credits) are increasingly hard to obtain, and (b) acknowledges the need for additional funding sources to meet rising host government guid expectations.

The precedent for service funding already has been established in the COMIDEASTFOR stationing agreement with Bahrain, the Kagnev Station (Eritrea) leaseholds, and in the authorized guidance for the contemplated negotiations for Bahamas facilities.

Further, given projected DOD budgetary stringencies, service funding will place overseas base requirements in a

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competitive position with other service programs. This should compel the services to develop a more rational and clearer order of priorities in overseas basing requirements than has obtained in the past when DOD has tended to argue that virtually all overseas basing requirements were of co-equal importance.

Finally, service funding may prove more acceptable to the Congress since we will be paying directly for facilities in lieu of using MAP or other less easily identifiable authority and funds. This should neutralize some past Congressional critics who have contended that the use of Security Assistance and other programs as quid payoff for base rights is a distortion of the purposes of such programs.

Disadvantages:

DOD is less than enthusiastic with service funding since they view base rentals as adding new funding obligations to already strained service budgets. DOD is also concerned with the undesirable precedent of utilizing base rentals in one country, which could create a precedent to apply to base negotiations worldwide. The concept may also be unattractive to certain host governments who do not wish their relationship with the U.S. to be identified as exclusively materialistic (selling facilities for cash). 1.5

applied to any NATO country (e.g., Portugal, Turkey), we would invite criticism in the Congress and elsewhere that base rentals run counter to the Alliance principle of mutual self help in general and our burdensharing efforts in particular.

Additional Congressional criticism may be generated, particularly from the SFRC and the HFAC, on the grounds that we were finessing Congressional foreign affairs prerogatives by hiding base rights requirements in service budgets subject to review and approval by the Armed Services Committees. Finally, base rentals may fall short of the quid expectations of host governments. DOD, under statute, is enjoined from paying more than "fair value" for base rentals and while DOD lawyers see some flexibility in applying the "fair value" formula to extract more quid, it is questionable that this alone would be sufficient to meet our negotiators needs.

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Next Steps:

The issue of service funding of any explicit base arrangement does not require a decision from you now. However, it would be useful to us to have your general guidance on the issue. The dollar order of magnitude we may expect from the DOD budget to underwrite base rights requirements will impact, inter alia, on what percentage our planners should allocate from Security Assistance to compensate for essential base rights. Meanwhile we intend to pursue with DOD, in concert with the Regional Bureaus concerned, the feasibility of the base rentals option.

ISSUE 2: The submission of base arrangements, as Treaties or in some other form, for Congressional approval rather than as Executive Agreements.

In the last session of Congress, the Senate endorsed two amendments by Senator Case, one on the submission of the Azores Agreement and the other providing for a broader requirement for submitting all new base agreements to the Senate for ratification as treaties. While both amendments were finally eliminated, for differing reasons, from the legislation, it is clear that there is considerable sentiment for requiring some form of Congressional approval for base arrangements. We believe that this question will arise again, particularly as we conclude new agreements. This is an issue which has been vetted in NSSM 179 on Spain and which is currently being explored in NSSM 189 on the Azores Base Agreement Negotiations. The latter is likely to be the next agreement to raise the issue in concrete form.

The draft Azores NSSM identifies 4 options to deal with base agreements:

1. To submit the agreement to the Senate as a treaty for ratification.
2. To proceed as we have in the past with an executive agreement without Congressional approval.
3. To submit the agreement voluntarily for Congressional approval by joint or concurrent resolution.

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4. To seek Congressional approval through a mechanism of obtaining authorizing legislation and specific appropriations for the quid pro quo in the agreement.

Next Steps:

These four options in the draft Azores NSSM would seem to cover the range of practical possibilities for other agreements as well. Accordingly we will continue our assessment of these options with the Regional Bureaus, H, and L. Receipt of the guidance that emerges from the President's decision on NSSM 179 (Spain) will be a key factor in determining future policy on this issue.

ISSUE 3: Our base and operating rights infrastructure in the Mediterranean area is particularly vital to operations in the Middle East, and has become increasingly vulnerable to political denial by the host governments.

Restrictions on our Israeli airlift operations pointed up the tenuous quality of our base structure in the Mediterranean basin, as well as in Western Europe. The vulnerability of our European base structure for unilateral U.S. actions outside a NATO context clearly requires searching reexamination. We should undertake an inventory of our assets (which seem few), identification of their limitations, and a re-assessment of our means of consultation to determine how we can best repair the fissures.

Our Assets

Our main assets stem from the fact that friendly nations on the Mediterranean littoral share our objective of promoting stability in the Middle East and avoiding great power confrontation. While there is a reluctance to become involved, which is heightened by the increased vulnerability of the European nations to the "oil weapon," when it can be demonstrated that U.S. actions promote stability we will have good prospects of securing cooperation from our allies. These prospects will be enhanced if they are not forced to take public positions which appear hostile to the Arab states. Many of our requirements are for peacetime "visible" presence rather than wartime or emergency capability. Ways might be found to reduce our requirements, particularly for facilities of limited value in real emergencies (as was the case in Spain in the 1970 Jordanian crisis and in October-November this year).

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21.

If we are forced into another situation comparable to the most recent Arab-Israeli crisis, the most logical operating base between Lajes and the Eastern Mediterranean appears to be Sigonella, Sicily. It should be reviewed as the priority facility that we should consider expanding in view of its central geographic location in the Mediterranean.

Our Liabilities

However, it seems likely that a review will only confirm what we already know. European governments who host our forces and facilities will permit our use of their territory on a case-by-case basis only when their national interests coincide or are not in conflict with ours. Accordingly, any effort to build what in effect was a sovereign base at Sigonella (or elsewhere), where we would have exclusive use to support U.S. contingencies, would probably encounter extremely tough political opposition. Moreover, recent events in Athens could cast a shadow over our long-term use of Greek facilities and further implementation of homeporting. Finally, our base and operating rights throughout Western Europe, including the Mediterranean, occupy a central role in our capability to support NATO and, in this respect, are essential and must be retained even if not available to support unilateral U.S. actions.

- Next Steps:

EUR, NEA, AF, and PM agree that an assessment of our basing vulnerabilities in the Mediterranean should be undertaken as a matter of priority. EUR notes, however, that our Mediterranean bases play an essential role in our ability to support NATO and sustain our own NATO commitments without reference to the use of such bases for U.S. unilateral contingency operations. NEA considers that any assessment of Mediterranean basing should include an examination of alternatives to bases which we cannot rely on using to supply and protect Israel or to meet other possible U.S. unilateral uses. Such measures might include alternative deployments of our global naval strength, an overall increase in U.S. Naval strength, more C-5A's, etc.

The lessons derived from a Mediterranean study could provide a useful backdrop to a more comprehensive study of worldwide base vulnerability.

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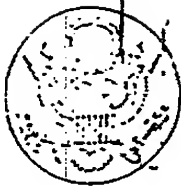
Your preliminary views or guidance on the foregoing
would be appreciated.

Drafted: PM/ISO:JDStoddart:ml; PM:LSloss:sac
12/24/73

Concurrences:

EUR - Mr. Romine
NEA - Mr. Schiff
ARA - LCOL Williams
AF - Mr. Navez
EA - Mr. Chapman
S/PC - Mr. Perez
L/PM - Mr. Fields

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DEPARTMENT OF STATE

Washington, D.C. 20520

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October 26, 1973

Dear Colleague:

This is the first Circular Letter I have sent out as Director of PM; I know many of you, if not most, and my own association with PM dates back nearly fifteen years, long before it became a separate bureau. If I may purloin a phrase, I consider myself to have been "present at the creation", and it is with considerable pleasure that I return home. Ron left me with a first-class organization, one which I believe to be without equal in the Department. Building on the base I inherited, there are a number of new approaches I want to explore, and we will keep you informed as events unfold.

This is a time of almost unparalleled activity in the Department. We have now a completely new leadership at the top, and a leadership which promises both to be dynamic and infinitely demanding. This is the long-awaited opportunity to produce, and we will be measured by how well we respond. Needless to say, I want PM's contribution to be the best, offering the maximum range of reasonable alternatives to both the Secretary (and his Deputies) and the President.

Substantively, "big things" are happening. In the Middle East everything that could come apart did, and we have simply not chosen to compete with the wire services in this Circular Letter; you can get much better information from the tickers and cable traffic than we could hope to give you in the Circular Letter. It would be useful if those of you with action responsibilities could keep a chron of weaknesses you have spotted so that when the time comes for a post-mortem, you can help identify where we might have done better.

SALT and MBFR negotiations have reconvened; the Soviets have now tabled their drafts in Geneva, and much of the narrative in the enclosed text is fast being over-run by events. Things are also moving very fast on the Hill, both on Southeast Asia and with reference to Security

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() RELEASE

() EXCISE

() DENY

() DELETE Non-Responsive Info

FOIA Exemptions

PA Exemptions

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() CLASSIFY as

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Assistance legislation. There was a time when the Mansfield, followed by Cranston, followed by Humphrey and Fulbright Amendments were coming so thick and fast that we could barely keep track of them. We hope to get to you within the next four weeks, a follow-on letter which will bring you up-to-date on these and other events. Those of you with access to the SALT and MBFR will know what I mean when I say events are moving faster than pouches carrying Circular Letters.

We have also, as you know, had a complete turnover in the PM front office, accounting in part for the protracted hiatus between the last Circular Letter and this one. Leon Sloss has taken Tom Pickering's place as my principal deputy; Hawk Lindjord, whom many of you remember as Colonel Lindjord of the Exchange Program and more recently number three man in OEP, has taken over responsibilities for security assistance, military sales, and arms and technology licensing. (Hawk has been out ill; but we expect he will be up and around in short order.) Tom Stern, my third deputy, has assumed responsibilities for overseeing base rights and international logistics negotiations, atomic energy and aerospace, and the POLAD and Exchange Officer Programs.

This is Dave Passage's last Circular Letter; he joins Jock Stoddart in ISO, and Mort Dworken (formerly Mac Godley's pol-mil officer in Vientiane) takes Dave's place as my Special Assistant. Chris Jones has assumed a new position of Administrative Officer and will work with Tom Stern in trying to provide the backstopping you need.

Finally, I look forward to meeting you at the Political and Faculty Adviser Conference we will tentatively schedule for sometime this winter.

Sincerely,


Seymour Weiss
Director, Bureau of
Politico-Military Affairs

Enclosure

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SALT

Ambassador Johnson's meeting with the North Atlantic Council on September 21 went well, as did US Delegation member Graybeal's session later the same day with NATO experts (the first experts' session in nine months, and an event the Allies had been increasingly eager to have). No new ground was broken, but these sessions appear to have markedly improved the Allies' sense that the consultative process was being employed to good effect.

At Geneva, as SALT reconvened, Soviet comments on FBS were hard-line, rejecting our central/non-central concept and reasserting the Soviet view of a continuous and indivisible spectrum of strategic forces, including forward-based systems. This hard front was matched by equal firmness on the US side regarding the "definitive" character of our proposal. Soviet formal statements on the MIRV problem also gave us nothing to work on.

However, we received private Soviet comments that may only reflect personal opinions that worthwhile limitations on MIRVs are feasible, Soviet testing notwithstanding.

The central event of the session to date was the tabling on October 9 of a Soviet draft SALT agreement. The Delegation has now developed a counterdraft, and we have before us the question of how to proceed with the negotiations, pending decision on a US response to the Soviet draft. The Delegation has proposed an early recess and resumption of the talks in late November.

The US Delegation carried out an in-house analysis of the Soviet draft, reaching the following major conclusions:

-- The draft is a maximum position par excellence, replete with considerable redundancy and other interrelationships designed to secure substantial concessions even if the Soviets were to fall off some of their ingoing positions.

-- The US should table a counterdraft, designed with generous head-room for bargaining, and attempt to negotiate from there (rather than from the Soviet text) towards an equitable agreement.

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We agree that the Soviet draft is too far removed from any reasonable or workable notion of "equity" to serve as a basis for negotiation. The Delegation's desire to proceed on the basis of a counterdraft is therefore understandable. We believe, however, that the tactical position to be adopted should await judgment as to any required revision in our substantive position.

Despite the quality of the Delegation's analysis of the Soviet draft, there remain significant ambiguities in the Soviet position, many of which are of course deliberate. The Delegation has been concerned that a rush of formal questions and comments on our part might give the Soviets a basis for misconstruing our reaction to their draft. For that reason, the Delegation indicated a preference for remaining silent at the formal sessions, and for proceeding informally and cautiously to obtain further clarification of the Soviet text. Here in Washington we saw a need for a further probing of the Soviet position, in order to obtain authoritative Soviet clarifications on as many points as possible. The Delegation has been instructed to that effect, and Ambassador Johnson has submitted to Semenov a list of questions informally, in written form, pertaining to ambiguous elements of the Soviet draft. In the process it was made clear that the putting of questions in no way should be taken as implying agreement with the USSR draft.

The main event for the next several weeks is likely to be an effort to develop a preferred substantive position which we see as an essential next step. There are some six alternatives being examined by the Verification Panel. We also are working on a paper which we hope to send to the Secretary within the next week. Given the press of other business it is doubtful that the Verification Panel will be able to reach decisions on a preferred US position during the coming month. However, hopefully we can narrow the issues and give the Delegation some further interim guidance toward the end of November.

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MBFR: DEVELOPMENT OF A WESTERN POSITION

On October 17, the North Atlantic Council reached agreement on a paper entitled "The Alliance Approach to Negotiations on MBFR," which begin October 30. This agreement was the culmination of nearly six months of intensive deliberation covering every thorny area of concern to every Ally. Not all questions were fully resolved, and some were purposefully deferred. Nonetheless, the agreed paper, which in most major aspects began with US proposals and reflects the US approach, provides a sound and flexible basis for Alliance cohesion during the initial period of negotiations with the East.

The major problem was to allay the concern of many Allies that the US envisaged MBFR as a quick-and-dirty operation conducted largely through US-Soviet bilateral discussion and leading rapidly to substantial troop reductions with unknown consequences for Alliance cohesion and security. These concerns could only be laid to rest by dealing frankly with the individual issues and thereby demonstrating concretely that we intended to work first with our Allies rather than with the Soviets in developing MBFR positions.

Other Allied concerns are familiar from previous correspondence: (1) the role of constraints, (2) the area of application of MBFR agreements, (3) the nationality of forces to be addressed, (4) the size of reductions, and (5) the pace of negotiations. In the process of developing the paper, two new themes emerged with increasing emphasis: (1) the importance of doing nothing which could inhibit the growth of European defense co-operation, and (2) the importance of taking the security concerns of NATO flank countries into account through MBFR.

The basic position provides that the negotiators will seek approximate parity in NATO and Warsaw Pact ground forces in the NATO Guidelines Area in the form of a NATO/WP ground manpower common ceiling at about 700,000 men on each side in two phases. This figure is based on a maximum cut of 10 percent of NATO ground forces in this area and Eastern reductions to the resulting level. The Allies have agreed that a NATO reduction of this magnitude (accompanied by appropriate measures to constrain force movements, prevent circumvention, and permit verification) would not prevent NATO from fulfilling its agreed strategy of forward defense, flexible response, and nuclear deterrence.

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In the first phase, negotiators would seek Eastern commitments to reduction of a Soviet tank army (with compensating US troop reductions on an equal percentage), specific non-reduction measures, the common ceiling concept, and a second phase of negotiations. The second phase would not be defined beyond saying that it would complete movement to the common ceiling, but within NATO, the Allies agreed to a second phase which would include further Soviet cuts and focus on non-US forces on the Western side. With regard to the pace of the first phase, as to the negotiating process, the Allies envision a period in which main themes would be developed, followed by Allied tabling of a framework proposal. We would then seek to engage a negotiation on constraints and, if this proved impossible, would begin detailed negotiation of reductions. This scenario would have us in reduction negotiations by next spring. It is obvious to all that we cannot go too far until we have some good idea of what Soviet reactions will be, and only negotiations themselves can provide this. At the same time, the Allies agreed that it was impractical to enter a multilateral negotiation of this size with a bargaining-fat program which would have required decisions now on possible fallbacks, and that it was better to proceed on the basis of a rational, credible program and undergo the wear-and-tear of adjusting positions within the Alliance during the negotiations. Therefore, the position is essentially without fallbacks.

The complex of questions concerning constraints and the area of application of MBFR measures was intensively debated, and the debate continues. All Allies agree that the focus for MBFR reductions should be on Central Europe. We believe Central Europe should be the area for all MBFR measures, not just reduction. The FRG wishes to dilute the inevitable effect of creating a zone in Central Europe with a distinct juridical status. The NATO flank countries fear that reduction of tension in Central Europe might somehow result in increased tension on the flanks, for instance by Soviet redeployment out of Central Europe to the flanks. All the European Allies wish to avoid MBFR measures, such as limits on movement of forces into the Central European area to prevent post-MBFR buildup to pre-MBFR levels, which would also inhibit movements of European forces within Europe.

Similarly, all the Allies, including the US, are agreed that some constraints on post-MBFR movement of forces will be a necessary feature of MBFR agreements to prevent circumvention of agreements and to demonstrate that security is being maintained even though troops are being withdrawn. For other Allies, however, they serve

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a variety of other purposes: to control the pace of negotiations and to defer the moment when reductions must be discussed by negotiating some constraints before reductions; to counteract the tight Central European reduction zone; to prevent Soviet redeployments near the flank countries; and to counteract the Soviet reinforcement advantage resulting from geography.

Thus, we have for years been faced with proposals to extend the constraints area and to negotiate on constraints before reductions. We have agreed to negotiate on some selected constraints prior to reductions, on the condition that Eastern agreement cannot be a pre-condition to reduction negotiations; this agreement is registered in the paper. However, as the prospect of constraints has drawn closer, there has been increasing apprehension that constraints could inhibit Allied commanders and eventual European defense cooperation. As a result, the paper provides both that constraints will be applied in the first instance in Central Europe, although application to other areas is not excluded, and that constraints will be urgently studied within the Alliance. In accepting the paper, we also initiated consultations on this whole complex of problems.

A second problem concerned the nationality and size of reductions. The FRG and to a lesser extent the Benelux, feel a political imperative to assure their publics that their national forces will be reduced at some point in MBFR; the UK strongly opposes any second phase of negotiations. Taken together, the modest US cut now envisioned, the common ceiling concept, and the objective of a second phase constitute enough assurance to the Germans that their forces will be involved later to permit their assent, while the limitation of the first phase to US forces on the Western side and the largely undefined character of the second phase finally won UK acceptance of the program.

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THE TROOP ISSUE: CONGRESSIONAL ACTIONS

Mansfield and Humphrey Amendments

The Mansfield Amendment, which called for a 50% reduction of US forces abroad over three years, was defeated in the Senate. The Humphrey Amendment, which would have required a 110,000 man reduction in worldwide overseas deployments by December 31, 1975, passed the Senate 48 to 36 but was thrown out in Conference. Thus, Congress has taken no action this year to impose direct reductions on US forces overseas, although an amendment approved by the Conference will require a 43,000 man reduction in the overall manpower ceiling in Fiscal Year 1974.

Jackson-Nunn Amendment

Jackson-Nunn, as passed by the Senate 84 votes to 5 and approved by the Conference, poses serious problems for US force levels in Europe because it is directed specifically at Europe; it creates the uncomfortable precedent of allowing US force levels in Europe to be determined by BOP shortfall, not threat assessment; and it could result in a mandatory troop cut.

The Jackson-Nunn Amendment calls for 100% offset of the BOP deficit incurred "as the result of the deployment of force in Europe in fulfillment of the treaty commitments and obligations of the United States." If the offset is not met, US troops will be reduced by a percentage equal to the percentage by which the balance of payments deficit is not offset. Troop reductions could lead to reductions in offset, thus starting a downward spiral in our European deployment. Senator Jackson added in the Senate debate on the Amendment: "It is not intended to require our Allies to offset costs associated with, for example, our strategic nuclear deterrent, even though some components thereof may be based in Europe." Senator Fulbright wanted to add a provision that "the balance of payments deficit shall be determined by the General Accounting Office", to prevent the Administration from coming up with some accounting device that would show a very low BOP deficit. Although this provision was changed in Conference to make the Commerce Department responsible for this determination (acting in consultation

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with the Department of Defense and the General Accounting Office), it will nevertheless put some check on the extent to which offset categories such as loans and "feedback" can be counted as offset. Moreover, in the Senate debate Senator Percy spoke out for "real offsets", such as military procurement, and strongly disparaged "phony offsets" such as loans.

If Jackson-Nunn had been applied to 1972 BOP figures and troop levels, using Commerce Department computations (endorsed by GAO) with regard to BOP expenditures and offset, a troop cut of about 200,000 or 65% would have been required, assuming 10% of our troops in Europe are non-NATO-related. However, the Conference version of Jackson-Nunn will give our Allies almost two years to offset the FY 1974 BOP deficit, an achievable goal under most assumptions. But if Jackson-Nunn should become a perennial requirement of Congress, it will be very difficult to offset future fiscal year BOP deficits on a current account basis without heavy resort to loans, which might encounter some tough sledding in Congress.

CHEMICAL WEAPONS LIMITATIONS

We have said that we will not initiate the use of chemical weapons in conflict, and that our CW stockpiles are for deterrence. We support efforts toward CW limitations by international treaty, with the proviso that such limitations be effective and adequately verifiable. (Agencies agree, however, that CW limitations cannot be fully guaranteed even with on-site inspection.)

In July 1972 Secretary Laird wrote Secretary Rogers endorsing a treaty prohibiting CW production and transfer. Laird noted that such a treaty would not affect US capabilities, the expansion of which was unrealistic in present circumstances due to domestic constraints. A treaty also would place constraints on other CW nations and would inhibit CW proliferation. Secretary Rogers agreed that such a CW initiative would be in our interest: A NSSM was developed, examining basically three possible CW treaty constraints:

a) stockpile reduction, permitting continued CW production including binaries;

b) a production and transfer ban;

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c) a production, transfer and stockpile ban.

JCS supported option a), hoping to retain its nascent binary program. State and OSD supported option b). ACDA supported option c), but indicated its willingness to support option b). Supplemental studies have reconfirmed the unverifiability of CW limitations (while noting certain useful partial measures) and confirmed the effective shelf-life of present US CW stocks at several decades or even longer.

A Reassessment: We are convinced that there exist very substantial practical constraints on our CW program. We face severe political inhibitions against the movement and even the maintenance of CW stocks in Europe.

We also face severe domestic constraints. CW stockpiles within the US have generated considerable political opposition. Federal statutes establish extremely restrictive procedures for movement of lethal chemical weapons within the United States which virtually ensure legal and political obstruction of such movements. Moreover, Congress prohibited the use of FY 69 or 70 funds for lethal chemical munitions procurement, and the Administration has made no such procurement request since. In addition, binary development may well require some open-air testing, which would require Presidential approval and public exposure before the fact.

On the other hand, there are disadvantages to a CW treaty. It would not be possible to verify with confidence compliance with either a production ban or a stockpile limit. Acceptance of a non-verifiable agreement would establish precedents that might work to our disadvantage in SALT, MBFR and future test ban negotiations. We could argue that a CW ban does not require as rigorous verification as a SALT or MBFR agreement, but this tends to confirm that the CW deterrent is not of vital importance and could generate further pressures for unilateral reductions. A declaration presents fewer problems of this nature, but would impose fewer restraints on other nations than a treaty. In any event, we believe that verification should be dependent on the strategic utility of the weapons involved and on realistic estimates of the risks of possible violation. As in all arms control agreements, the means of verification should be appropriate to the extent and nature of the controls involved.

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On balance, it is our conclusion that a unilateral declaration in which we undertake not to produce lethal chemical munitions would do us little military harm and some good in terms of our international image. Such a declaration would require us to forego production of binary agents. We should also indicate our willingness to negotiate a treaty banning production of lethal chemicals providing there were adequate provisions for verification.

NPW VISITS TO FOREIGN PORTS

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SECURITY OF NUCLEAR WEAPONS

Recent acts of terrorism by small, highly effective bands have generated increased concern among responsible officials in State, DOD, and AEC about the security of US nuclear weapons stored in Europe for the defense of NATO. In August, a Joint State/Defense message which requested the chiefs of seven US diplomatic missions in Europe to convey US concern for the security of US nuclear

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stockpiles to the foreign and defense ministers of their host governments. Each chief of mission was also directed to solicit the energetic assistance of the two ministers in raising the level of protection afforded US nuclear weapons stored in their countries.

Responses to the Joint State/Defense message have been uniformly positive. In Bonn, Brussels, The Hague, and Rome the Ambassador or Charge has already met with both the Foreign Minister and the Minister of Defense. Each Minister has shared our assessment of the threat and the critical need to take all feasible precautions. Each has generally agreed that certain "no cost" security measures should be implemented immediately. Those measures requiring significant expenditures of resources are now the subjects of technical discussions by representatives of USCINCEUR and the individual countries concerned. Favorable decisions on a significant portion of these measures are expected.

In summary, the diplomatic effort to improve the security of our nuclear weapons stored overseas is well underway. This effort appears to have substantially strengthened the DOD/CINCEUR program; however, we will continue to monitor progress closely and will make appropriate recommendations should any difficulties arise. We are also monitoring the progress of a DOD study of overall storage site requirements. Although it is too early to make any definitive judgments regarding the possible outcome of this study, preliminary information indicates that only a few (2 or 3) sites will be closed, if any. We will keep you informed.

CONSULTATIONS WITH JAPANESE ON SECURITY MATTERS

We met September 18 with members of the Japanese Embassy to work out an agenda for our continuing dialogue on international security matters. These consultations

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have now approached 20 separate meetings, covering such subjects as SALT, strategic and general purpose forces and strategy, the naval balance, and CSCE/MBFR. The sessions have been of distinct mutual benefit. Most of them have been carried on at the political counselor-PM/EA staff level, but at times the Japanese Ambassador, Minister and Foreign Ministry people from Tokyo have also participated. Ambassador Johnson led three of the talks and Deputy Secretary Rush took part in one of them.

General agreement was reached with the Japanese on seven subjects for discussion in the coming months.

Ambassador Yasukawa has expressed a particular personal interest in two of these (Siberian Development and its Strategic Implications; Military Situation in Asia, including Deployment of US Forces) and plans to head the Japanese side when these topics are covered in October and January respectively, as tentatively agreed. The proposed timing for the first topic is particularly good. The Japanese expect to be able to provide substantive contributions from Tanaka's early October summit trip to Moscow which should be of interest to us assuming they discuss exploitation of Siberian gas resources. For the January meeting, our own side should have a better feel for the evolving force picture in Asia as the NSSM 171 study and follow-ons concerning that area bear fruit, and with the FY 75 defense budget completed.

ASIAN DEPLOYMENTS

On July 26 the DPRC met on the NSC's most venerable NSSM, Strategy and Forces for Asia. Out of this meeting, in which the actual discussion was somewhat disorganized and aimless, came several important decisions on the general direction of US deployments in Asia over the next couple of years. One of these had to do with Korean ground force deployments. The consensus was that the division in Korea should not be reduced unless (a) the security situation changed radically on the Peninsula; (b) the US could get something for it from the PRC and the North Koreans; and (c) the North-South relationship would benefit. It was also agreed to look into the possibility of altering the division's mission and structure to make it more useful as part of the PACOM mobile reserve. PM had proposed that we seek the removal of the division over a five-year period,

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recognizing that the security situation, the North-South talks, and US relations with the PRC and Korea would determine the timing.

Several new papers were requested, the most important perhaps being one on long-term tactical air deployments in Thailand which presumably will lead to some additional decisions although they may be slower in coming than some of us would like.

FUNDING MILITARY ASSISTANCE FOR CAMBODIA

The cessation of US bombing in Cambodia was followed by a dramatic increase in Cambodian expenditure of ammunition. The current annual expenditure rate is approximately \$310 million. To fund these requirements fully out of the military assistance program (MAP) would have disastrous results for that program. We are likely to have at most a total of approximately \$540-550 million for MAP in FY 74. Full funding of Cambodian requirements will limit the rest of the program to (a) supply operations costs to deliver material in the pipeline from past year programs (\$69 million) (b) training (\$28 million), (c) long-lead time procurement of F-5Es for Jordan and Korea (\$90 million), and (d) administrative overhead (\$25 million). Thus, apart from training and the F-5Es for Jordan and Korea, military assistance for the rest of the world would be virtually terminated for 1974. The principal programs affected would be Korea (\$173 million, not including F-5Es), Turkey (\$85 million), Thailand (\$53 million), Indonesia (\$20 million),

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Philippines (\$19 million), Ethiopia (\$10 million), and Jordan (\$3.7 million, not including F-5Es).

In an effort to find alternative supplemental funding for Cambodia, Secretary Schlesinger discussed with key members of the Senate Armed Services Committee the possibility of amending the Defense Procurement Bill to authorize the spending of \$150 million for ammunition for Cambodia from funds appropriated for service funded assistance to Southeast Asia (MASF). Senator Symington subsequently replied stating that the Foreign Relations Committee would strongly oppose any effort to fund assistance to Cambodia from MASF. Because of anticipated opposition in the Senate, this effort has not been pursued.

ICELAND NEGOTIATIONS

It appears that there remains a considerable resistance to facing up to the need to cut down on our presence in Iceland, or to altering the way present functions are performed. We believe that there is room for considerable change, including ways to keep the jobs being performed while at the same time meeting the GOI's goal of a reduced American presence.

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US DEFENSE INSTALLATIONS IN AUSTRALIA

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AZORES NEGOTIATIONS

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PROLIFERATION OF SOVIET SA-7 GRAIL MISSILE

On August 23 Secretary Schlesinger wrote Secretary Rogers expressing heightened concern over proliferation of the SA-7 GRAIL Missile. Mr. Schlesinger asked us to bring this matter to the attention of the nations which have received GRAIL from the Soviet Union. Since then, a further incident with very serious implications has occurred in the vicinity of Rome Airport, in which five terrorists were apprehended on September 5 in possession of two GRAIL missile launchers, with which it is believed they intended to shoot down an Israeli civilian airliner.

The Department has taken a number of actions within the past year with respect to GRAIL and the interrelated issue of transfer of the US REDEYE. In brief we have transferred REDEYE only to European countries and Australia. Although a decision was made to sell this missile to Iran, it has not been fully implemented owing to uncertainty concerning Iran's interest in purchasing the REDEYE missile currently available.

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With regard to GRAIL, we raised the matter with the Soviet Embassy last November and expressed concern that missiles of this type might fall into terrorist hands and be used against civilian aircraft. In response to this demarche, we were provided assurances by the Soviet Embassy that the Soviet Government "has taken and continues to take every step to insure that (missiles of this type) do not fall into the hands of irresponsible persons".

The Israelis on September 6 proposed that the US approach the Soviets concerning the Rome Airport incident. We have informed the Israelis that we already had this step under consideration. Unfortunately, the Israeli approach has leaked to the press, which could make it appear that any action we take is being done on behalf of the Israelis. Nevertheless, given our earlier approach to the Soviets, we do not feel we need to be deterred by this consideration.

We are in complete agreement with Secretary Schlesinger regarding the seriousness of this problem. The Soviet Embassy has been told of our serious concern that Soviet missiles of this type have fallen into terrorist hands despite the Soviet assurances given us last November.

POSTSCRIPT

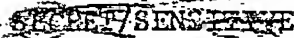
Since the foregoing was typed, the following additional points should be noted:

Australia: Defense Minister Barnard has tentatively agreed to come here in early December hopefully to wrap up the Northwest Cape matter.

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take with regard to Black Africa is not unrelated to our domestic problems in the US. Though the draft does not explicitly so state a similar situation exists with regard to Israel. To generalize on the matter, it has often been argued that we cannot conduct our international relations effectively without having our own domestic house in order. To some extent, the obverse is also true, i.e., we may not be able to conduct our domestic affairs rationally without being prepared to accept the considerable responsibility for involvement in the international community which our power position has thrust upon us.

How much it is worth injecting some aspect of the foregoing thought into your paper, assuming that you agree with any of it, I leave open. I simply wanted to call to your attention the fact that the paper seems too heavily weighted in quite a different direction.

2. Page 2, first paragraph. There is a point which perhaps should be generalized here in Part I, but which should certainly appear in the specific treatment of country problems in Part II. This point is that in the underdeveloped areas our willingness to provide support, whether against external invasion or externally supported insurgency, has been based in part on the assumption that these areas would, if given the time to develop unhindered by aggression, develop reasonably sound political and economic institutions which would permit the nations in question to evolve into reasonably stable entities. It was the thesis in the early 1960s that externally supported aggression threatened these nascent institutions before they had sufficient strength and resiliency to stand up against the threat. To some extent, this thesis still has some validity. It may well be that for other reasons we may choose to avoid involvement in underdeveloped areas in order to buy the time for their indigenous institutions to develop. However, I am inclined to think that this criteria should be one which should be considered when we analyze the prospects and possibilities of US military involvement in support of underdeveloped countries. Thus, when you address yourself to the problem of insurgency movements, you suggest that the countries must rely upon their own resources, including their own "nationalism" as well as regional organizations. This may simply not be enough. And if not, what then?

3. Page 3, first full paragraph. Another point which might be introduced is that the enemy's resources are no more unlimited than our own. Simultaneous capacity on the part of the Chinese to involve themselves in support of a North Korean invasion of South Korea, and a Vietnamese invasion of Southeast Asia, are no more realistic than multi-fold projections of simultaneous Soviet military actions. Thus, in calculating US general purpose force requirements, the various threats, are not all additive, thereby justifying a huge US force. The enemy is constricted by resource restraints just as we are.

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4. Page 4, subparagraph a. While I would agree with the comment that underdeveloped areas are neither as susceptible to external exploitation by our opponents, nor as responsive to external amelioration through our help as we had supposed, this may lead to a somewhat erroneous implication. Is one to conclude that the foregoing means that underdeveloped areas are not considerably susceptible to external exploitation by the communists? Or, alternatively, that our help is not a major factor in resisting such external exploitation? Some refinement of the thought seems warranted.

5. Page 5, first full sentence. I suggest that you may wish to include the word "direct" before the word "effect." In short, it seems to me that the effect of a communist takeover on the balance of power will relate to more than the location of the nation in question and the nature of the relationships between the local communist party and other communist parties. Indeed, as your paper itself recognizes elsewhere, the indirect adverse effects on the balance of power could be far-reaching, if such a takeover implies a general impotence on the part of the US or an unwillingness to honor commitments, etc. This could be true even if the geographic location of the nation in question was unimportant and the relationship of its communist parties to other communist parties was unclear.

6. Page 7, e. There may indeed be less reason to expect the "domino theory" to work than formerly seemed to be the case, but it is not clear to me that this point is very effectively substantiated by the evidence set forth in this paragraph.

7. Page 8, 2. a. As a minor suggestion you may wish to change the word "necessarily" to "useful" or "desirable." It is not at all clear that it will be necessary to make the distinction which you suggest. Similarly, in paragraph b. on page 9, it is not clear why a distinction "must be" made between contingencies designed to cover direct aggression -- and the more likely contingency of externally-supported insurrection. The latter is clearly more difficult to cope with and less susceptible to application of US force, but I do not see that it is any the less significant a problem for the US. As I indicated earlier, I certainly do not agree that the main reliance in facing indirect aggression must be "local nationalism" reinforced where feasible by "regional cooperation." If this statement is to be taken at face value it might well mean that we would have to concede the battlefield to the communist concept of wars of national liberation. It is, of course, correct, as the paper points out, that a difficult dilemma presents itself in guarding against the substitution of US forces for reliance on local willingness to accept responsibility for defense. And, it may also be true that in the total absence of such will, US forces cannot by themselves do the job. But, is it not possible that we may confront circumstances in the future, as we have in the past, where there may be a degree of local will for self-defense, where there is no regional organization which can provide effective support, and where, therefore, US support may be the only answer if the nation in question is to escape communist domination? Does this section imply that

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we would not be prepared to provide such support in cases such as these?

8. Pages 9-10, paragraph c. I had a little difficulty with the meaning and intent of this paragraph. Certainly "full account should be taken" of the several factors cited, but after taking such full account, then what? And, further, is one to imply that this is the full account of the factors which should be considered?

9. Page 10. d. This category of interests is rather vague (I appreciate that you attempt to clarify matters in Part II), and, as I noted previously, I wonder whether we are justified in reaching a conclusion that security needs under this category may be less important than domestic needs? What is the basis for making this decision and is it appropriate for inclusion in this sort of policy paper?

10. Page 11, last full paragraph. What did you have in mind in suggesting that we should adjust certain arrangements "to create a situation of greater independence and self-help?" Granted that such would be desirable, how does one accomplish it, and if it is not accomplished, do we wash our hands of the security interest? Further, with regard to provision of military assistance (a point with which I very much agree), you may wish to at least recognize two significant problems. First, military assistance is increasingly difficult to obtain from the Congress, and, therefore, this alternative may simply not be a feasible one. Second, the very provision of military assistance in and of itself tends to develop a close political association between the US and the recipient which leads to the very status of "dependency" which this paragraph argues against.

11. Pages 12-13, last paragraph. Aside from the fact that I am not entirely clear what the word "essential" means in this context, I wonder whether what our policy should be if the doubts subsequently referred to do not result in stimulating the countries in question to greater self-help efforts, but instead leads to despair and eventual accommodation to communist pressures.

12. Page 13. I am not persuaded that the previous argument does in fact lead to the three desiderata that you identify on page 13. Certainly some aspects of the previous argumentation lead in this direction, but by no means all of them. For example, it is not clear that the maintenance of US forces "outside the immediate locale of potential conflict" will adequately meet the need for deterrence. It is, in my view, inadequate to point to our increasing mobility as an illustration of our ability to get forces quickly into troubled areas. The point that needs to be kept in mind is that there is an enormous difference between capabilities and intentions. I do not think there is much doubt about US capabilities. But especially if we follow a policy which seems to be implied in this draft of withdrawing our forces and hedging our commitments, our intentions are likely to be highly suspect, regardless of how impressive our military capabilities are...

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13. Page 14. The view that US forces maintained for employment in the underdeveloped world should be "structured mainly for combat support operations" warrants close scrutiny. On the surface it makes a great deal of sense. Insofar as we are able to do so, we should supply the hardware and the logistic support, and let others engage in combat with its attendant personnel losses. The difficulty, it seems to me, is that this is easier said than done. In the first place, this is a little bit like the concept of attempting to lead from the rear. I am not sure that one can get others to shed their blood while attempting to protect one's own skin. But quite aside from that, I think there is a hidden danger in this concept which should at least be recognized explicitly. Once the US commits itself in any major way to providing support for combat operations, it has launched itself on the first step toward deeper commitment. Our experience in Vietnam illustrates the point very well. It was not our intention there, initially, to place combat forces in the field. However, our combat support operations, which started modestly and which grew incrementally as the need seemed to demand, finally left us with a political as well as military commitment of very substantial proportions. It might well be argued, both with regard to Vietnam, and as a general principle, that when having exhausted our ability to support a combat operation without that support having achieved substantial or complete success, we ought then to disengage rather than throwing in combat forces. The difficulty is that by that point in time the US has taken so many steps toward committing its position that disengagement carries a good many, if not most, of the disadvantages of out-and-out defeat.

The foregoing is not necessarily to argue against the concept of the US providing support for combat operations, in the first instance, but rather to argue that if this is the line we adopt, we ought to go into it with our eyes quite wide open. In short, the policy planner should be warned that provision of such support could lead to much broader involvement at a later date. He may still choose to follow the route of combat support as an initial action, but, alternatively, he may choose to avoid any involvement whatsoever.

PART II. Kinds of Protection Required For US Security Interests Outside of Europe

1. Page 1. I strongly support your conclusion as to the significance of Japan for US security. What troubles me is whether the US can maintain Japanese confidence in the US commitment if, at one and the same time, we reduce our presence in the Far East, as suggested in your draft, concurrently restricting our commitment to the security of other states, in the area.

2. Page 1. With regard to the threats against Japanese security during the next decade, I am not sure we can be as categorical in discounting them as the draft seems to be. The likelihood of these threats,

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and their efficacy, will depend on a series of factors, not all of them, incidentally, under US control. First, there is the attitude of the Soviet Union. The Japanese continue to fear the Soviets. Should Soviet Government attitudes stiffen, or revert to a cold war hard line policy, I could well conceive of Japan feeling itself threatened beyond the extent implied in the draft, whether or not the practical likelihood of an attack by the Soviets was very high. Second, there is the question of what the US does in the Far East. If, as I have indicated above, the US begins a major retrenchment in both the physical sense and the political commitment sense from the area, I believe that the Japanese could believe that the threat to themselves had increased. It is also possible that the Soviets and the Chinese communists could believe that their latitude for bringing political pressure against other states in the area as well as against Japan, had expanded. Third, there is the question of the US/USSR strategic balance. In this connection, it would appear most likely that this balance is going to shift toward clearer acknowledged parity. Insofar as this turns out to be the case, the ability of the US to guarantee the security of allies, including Japan, will inevitably decrease. This will not necessarily be because the US wishes it to be the case, but because the credibility of our willingness to engage our nuclear forces in defense of a third party at the expense of unleashing a nuclear attack against ourselves, will increasingly be called into question. Fourth, and finally, there is the question of potential Japanese nuclear aspirations and how the US reacts to them. It is anyone's guess as to whether Japan will eventually opt for development of an independent nuclear capability. It would not be totally unreasonable from Japan's point of view for her to do so. Especially if other powers first make the move (for example, Israel), the internal political pressures may be irresistible. Should Japan decide to move in this direction, it is almost certainly bound to create great tensions in US/Japanese relationships. This, in turn, could effect how Japan sees the threats to its security from third parties. For all of the foregoing reasons, I tend to feel that the exposition of the threat in the draft is somewhat oversimplified. And this, in turn, oversimplifies the prescription of the US force requirement including reducing the treatment of the nuclear threat to a footnote.

3. Pages 2-5. In part the problem of Korea is related to the comments I have just offered with regard to Japan. Insofar as US policy involves a gradual removal of US forces from Korea, within the next several years, Japanese uncertainty about its own security is likely to be increased. As to the prospect of Chinese involvement in an attack on South Korea, it seems to me that it may be related to other questions beyond the issue of whether China's borders are threatened (though I agree this is a prime consideration). Some of these reasons are of the same nature as those to which I have alluded above, most particularly including the extent to which US involvement in Far East affairs seemed a less likely or more likely probability.

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4. Page 4. I referred earlier to the problem of obtaining MAP assistance in sufficient quantity to permit allies to stand on their own. I wonder whether this doesn't apply very specifically to Korea. When I last looked at the matter, Korean MAP requirements were very large indeed. Nevertheless, I certainly agree with the desirability of making these forces more self-reliant through provision of MAP assistance.

5. Page 4. I have already commented upon the relationship of US force withdrawals, especially within the near-range time period cited, and Japanese concerns for their own security. Beyond this, however, I wonder whether it is clear that a "token deployment" of US forces will present a persuasive evidence either to the South Koreans or the North Koreans of a continuing US commitment. In this connection, whether this token deployment is related to maintenance of a US nuclear capability is somewhat ambiguous (as contrasted to your earlier draft). Indeed, as you discuss this matter further (page 5) you suggest that we keep our policy with regard to nuclear usage intentionally ambiguous in order to keep the Chinese communists uncertain. I certainly comprehend the advantage of this as a deterrent to Chinese action (at least in contrast to a clear statement that we will not use our nuclear weapons). On the other hand, this concept troubles me, in that while it may serve as an adequate declaratory policy, it is not very helpful as a guide to the policy maker as to what our actual policy should be. As you undoubtedly know, the wisdom, or lack thereof, of employing nuclear weapons in a future Korean War has been a matter of very lively debate within the government. I would have thought that some attempt to outline further guidance as to what our actual policy might be would have made a quite constructive contribution. As a practical matter, I wonder whether we do not need an assumption, one way or the other, both for our own US force planning as well as for formulating our diplomatic position vis-a-vis the Republic of Korea.

6. Page 6. It was not clear to me whether the conclusion that "Taiwan forces were adequate to fend off likely communist invasion threats" was based on the assumption that they could accomplish this without US air and naval forces. I rather drew the implication that such was intended since the next sentence suggests that as something of a hedge we might, nevertheless, wish to commit such air and sea forces. 1.5

Beyond the foregoing issue, there is once again the question of extending the US nuclear guarantee to Taiwan as protection against Chinese growing nuclear threats. If we build an effective ABM force, and so long as that force is given a high probability of protecting against a Chinese nuclear threat, extension of the US commitment should be persuasive. However, I note that a separate S/P paper developed by

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Wreath Gathright on strategic force issues seems to argue against the advisability of a US ABM deployment. While I recognize that it can be argued that the Chinese would be deterred, even in the absence of a US ABM, by our overwhelming nuclear striking power, I don't know that this is something which can be guaranteed since as Chinese nuclear capabilities grow, the threat of significant damage to US cities could well neutralize the effectiveness of our threat against Communist China. In any event, I do not see us lightly using the Seventh Fleet nuclear capabilities without recognizing that this could result in a nuclear attack against the US. (This assumes, of course, that the Chinese develop such a capability within the decade, which we now estimate to be the case.)

7. Page 7. I am unclear as to the basis for the judgment that the Philippine bases are not of sufficient value to warrant US intervention to protect them. I do not argue that the contrary is the case, I simply state that the draft does not demonstrate the validity of the contention.

8. Page 8. Why is it that the paper discounts the possibility of a major resurgence of the Huk type of internal revolt, supported to some degree externally?

9. Page 8. With regard to the requirements for US military forces, see my previous comment with regard to the nuclear issue.

10. Page 8. Depending upon what is meant by "direct interests," I think it worth noting that in the case of Indonesia we are speaking of a nation of 100 million population with enormous potential wealth.

11. Page 9. The discussion of the threat to Indonesia seems to me to ignore what may be the most likely threat, namely, a takeover by elements friendly to the Chinese communist government. Though I would not necessarily believe this a high likelihood at this time, the fact is that we came within an eyelash of precisely that happening and I have seen recent reports which suggest that despite the widespread bloodshed there are still important Chinese communist elements operating in Indonesia.

12. Page 9. With regard to local insurgencies, the paper would seem to suggest that the US would not be prepared to play a very active role. Reference is made to "Australia and other outside powers" assisting with supplies, although I am unclear as to whether this is intended to include the US or not.

13. Page 11. The conclusion with regard to the remoteness of a Chinese invasion of Thailand, seems once again to depend at least in part upon certain developments which are not yet clearly foreseen. Principal among these is the nature of the settlement in Vietnam. If, for example, that settlement turns out to be on very unfavorable terms, and, further, if the US withdraws its presence from the area, pressures against Thailand

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which could include a Chinese involvement, seem not implausible. Nor do I understand why the draft views as relatively unlikely an escalation in the insurgency situation at the Thai borders leading to a conventional attack by the Vietnamese. In this connection, what would the paper's conclusion be as to the policy which the US should follow in the event that defense of Thailand, including US air bases, against insurgent attack are unsuccessfully met by the Thai armed forces themselves?

14. Page 13. Though the conclusion may be a correct one, what is the basis for the statement that we should not make the assumption "that we should be able to effectively repel an invasion /Chinese invasion of Southeast Asia/ with US ground forces?" We may not wish to do so for good and sufficient reasons, but it is not entirely clear that we could not do so if we deemed it in our interest. Further, in this same connection, the question of how to treat deterrence of a Chinese invasion is discussed in terms of declaratory policy, i.e., we should give the Chinese no assurance that nuclear weapons won't be employed. But, suppose there is overt Chinese military invasion, what then is our real policy supposed to be?

15. Page 14. Your treatment of the threat from the Soviet Union to South Asia, though it may be correct, does not really explore alternative Soviet motivations which are considerably less benign. It is not at all inconceivable, for example, that the Soviets wish to inject their influence into the area, thereby excluding ours, and prefer to do so if at all possible without resort to military action. In other words, it is not entirely clear that one can be confident that the Soviets share as much in common objectives with us, as I think is implied. If this should be the case, where does the policy prescription contained in the draft leave us?

In the same vein, in my judgment, the draft takes a very relaxed view of Soviet naval activities in the Indian Ocean. In one sense it may be correct to say that this activity is not currently directed at the nations of the subcontinent. At the same time, it seems to me that, in addition to offsetting Chinese influence, increased Soviet presence is quite consistent with the notion of a Soviet policy at least equally directed at excluding US influence. In the absence of an offsetting US military presence in the area, and especially if the Soviet naval presence continues to grow, I would think that this might very well result in bringing considerable political pressure against the Indian subcontinent. It would certainly not be the first time that naval forces were used by nations to project their presence and assert their influence in distant lands. Finally, this section recognizes that the Soviets should, after all, be expected to have a presence in the area, given the possibility of deployment of US missile carrying subs to the Indian Ocean. While I do not dispute this, the whole tone of this section frankly appears to, be overly apologetic for projection of Soviet force into the area, without, as I indicated earlier, raising the possibility that their policy may have more nefarious objectives.

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16. Page 16. The reference to the general adequacy of the US naval force "inventory" for meeting Indian Ocean requirements, is, I think, open to question. There was, as perhaps you know, an extensive discussion between State and Defense sometime ago concerning the advisability of stationing a carrier or a small carrier task force in that area of the world. Aside from other considerations, it was the Defense Department contention that we did not have the assets to spare. This, of course, raises the whole question of the size of the US carrier fleet which, under Secretary McNamara, was considerably reduced in size. Unless one is to interpret the draft's intent as foreseeing a need for an extremely modest and perhaps only occasional naval presence in the area, I think it goes too far to categorically state that there would be no requirement for an augmentation of our inventory (or at least a reactivation of currently moth-balled assets).

17. Pages 16-18. With regard to Iran, I am not at all sure that the Soviets can in all circumstances be deterred by an "expectation of US involvement" which does not involve an apparent willingness and capability to deploy land forces to the area. Perhaps Iran is not worth such an involvement -- this is not a matter I am addressing myself to at this point. It seems to me dangerous, however, to accept on the one hand the assumption that Iran can quickly and easily be overrun by a Soviet attack, while on the other hand arguing such an attack is likely to be deterred out of fear of possible US involvement, if at the same time we doubt our ability to involve our ground forces. The proposal that we convey to the Soviets a veiled threat that an attack on Iran might result in counter-moves "not confined to that locale" seems to me a threat which we would be better off not making unless we had something rather specific in mind. If we do have something specific, what is it?

18. Page 20. I was struck by the cryptic explanation of the US interest in Israel's future. Indeed, in no other part of the paper does one find a one sentence justification of US interests. No doubt this is in part attributable to the assumption that the reasons which dictate US support for Israel are well known and, in any event, from a domestic political point of view, largely outside of State's cognizance. Nevertheless, I would recommend an expansion of this section which would attempt an objective assessment of how and in what way Israel is important to US security (on the face of it, it does not measure up to some of the criteria set forth in Part I. of the paper), and insofar as the policy is dictated by domestic political considerations, I would recommend that we say so.

19. Page 21. I would be inclined to estimate the prospect of direct Soviet military intervention against Israel to be "uncertain" and very much dependent upon circumstances. Note, for example, the recent Soviet warning to Israel not to attack the Aswan Dam lest Soviet interests be directly engaged.

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20. Page 21. With regard to the requirement for US military force, I strongly recommend that this section be expanded. Depending upon how far into the future the requirements are to be projected, it is not at all clear that US ground forces would not be needed to protect Israel, assuming that its survival is, as stated in the draft paper, important to the US. Certainly ground forces are not now required against attack from Arab states, although in time, as Arab capabilities develop, such a requirement might present itself. With regard to the Soviet Union, if they were to become directly involved on the side of the Arabs, it is doubtful that anything short of a US ground effort could assure Israel's survival. Without further discussion, I do not see that the sentence at the top of Page 22, which discounts the need for US ground forces, is justified.

21. Page 22. As a totally separate consideration with regard to Israel, one not covered in the draft, I wonder whether it would not be well to speculate upon the policy consequences of the Israelis obtaining a nuclear capability. This is currently an item receiving intensive study within the intelligence community. As pointed out with regard to Japan, if Israel should opt for a nuclear capability, it would raise a number of highly complex issues which have direct relevance to our future security commitments in the Middle East. I would think that the policy paper would make a significant contribution if it attempted to sketch out in what way our policy might be affected by the aforementioned development.

22. Page 24. With regard to our security interests in Africa, you might wish to consider, including (a) refueling rights in South Africa (which will remain highly important so long as Suez remains closed), and (b) space tracking requirements.

23. Page 28. While the judgment may be a correct one, it is not entirely clear why the draft concludes that it is unlikely that the Soviet Union will attempt to involve itself in the export of subversive or insurgent movements to Latin America.

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Analysis of DOD Memorandum on
Military Assistance Programs - (MAP)

I. Summary of the DOD Memorandum

1. The primary purpose of MAP is to assist forward defense countries in creating forces for external defense.

2. Secondary objectives are to assist in creation of internal security forces and as a quid pro quo for bases. Military forces are one element of a broad range of measures required to cope with internal security. Thus, MAP has a useful but limited role in relation to this purpose. While MAP is preferred by most countries as quid pro quo for base rights, there are other possible means of payment and these should be considered for the future.

3. A final purpose of MAP is to "dispose nations favorably toward the US in their diplomacy, their public sentiment, and the direction of their internal development." The memorandum concludes that "to achieve a pro - US orientation ..., standing alone is not normally a sufficient justification for a grant military equipment program." On the other hand, training, particularly in the US, can usefully serve this objective.

4. Whenever countries have the ability to pay,

sales are preferable to grant aid even if very liberal

DEPARTMENT OF STATE

1 RELEASE

2 EXCISE

3 DENY

4 DELETE Non-Responsive to

DIA Exemptions

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credit terms must be provided.

5. The programs for Laos, Thailand, NATO military infrastructure and International Military Headquarters should be transferred to the DOD budget.

6. We should provide no further grant aid to India or Pakistan.

7. We should phase out our grant military assistance to Iran after FY 1969.

8. We should continue downward pressure on the force levels of the Republic of China, and hold steady on the Korean program as long as their participation in Vietnam continues.

9. Over the next four years we should gradually phase out of grant military assistance in Latin America with the exception of training.

10. In Africa we should continue to provide grant aid only to the following six countries:

- a. Ethiopia and Libya because of bases,
- b. The Congo and Liberia to strengthen the regimes and,
- c. Tunisia and Morocco in view of the Soviet equipped build-up in Algeria.

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II. Policy Issues Raised by the MAP Memorandum

A. Introduction

Secretary McNamara's memorandum on MAP raises two broad issues. One has to do with MAP objectives and policies over the long run, the other is related to programs and program levels for FY 1968. This paper is concerned with the objectives and policy issues only.

This year's memorandum serves an extremely useful purpose by posing several fundamental issues with respect to the MAP program over the long run. This is an appropriate time to review MAP objectives and policies for several reasons:

-- Congressional pressures continue - to reduce MAP appropriations and the number of countries receiving grant MAP assistance. These pressures cannot be ignored.

-- The nature and location of the threat to US security interests continues to change. While the MAP program already reflects this change (the Far East now received 43% of grant military assistance funds) the current memorandum makes explicit the underlying threat assumptions on which MAP is based - i.e., reduced tensions with the Soviets and growing Chinese capabilities.

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However, the projected MAP policies also pose the following issues:

objectives

What are the nature and purposes of MAP, how do they relate to US security interest, and what priority should be accorded to the various objectives of MAP? How does the proposed direction of MAP policy relate to actions proposed elsewhere in the DOD budget?

B. The Nature and Purposes of MAP

Secretary McNamara lists four principal purposes of MAP:

- 1) to arm friends against the threat of external attack,
- 2) to help them protect the fabric of their societies against internal violence,
- 3) to obtain US access to bases and facilities in strategic places, and
- 4) to dispose nations favorably toward the US in their diplomacy, their public sentiment, and the direction of their internal development.

He raises three pertinent questions with respect to these purposes.

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- 1) Does military assistance of any kind (grant or sales) serve these purposes at all in a given situation?
- 2) Does military grant aid serve them better than other available instruments of policy?
- 3) Should the several purposes of MAP be given equal weight in determining the total number and funding levels of country programs?

A major conclusion of Secretary McNamara's memorandum is that where our primary aim is to generate favorable attitudes toward the US MAP is ^{normally} not an appropriate vehicle, and this purpose is not a sufficient justification for a MAP program. While we can well understand, and in many respects sympathize with, the factors which lead to this conclusion, we question whether it is in balance, a conclusion that is consistent with and responsive to the needs of US security. In particular, we believe that it does raise important foreign policy issues which must be carefully scrutinized.

Secretary McNamara supports his judgements as follows:

- 1) The number of recipients of grant aid has proliferated from 12 countries in 1950 to about 63 in 1966. Many of the recipients have only token programs with

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little military justification.

2) These small programs often help to support military forces which the countries do not need, and which detract from economic development efforts.

3) The provision of military material to one country generates demands from neighboring countries for similar equipment and this leads to local arms races.

4) There are other means of exercising US influence in many cases (e.g., development loans, P.L. 480, training programs, etc.)

5) These small programs which have relatively little direct military rationale are difficult for DOD to justify to Congress.

6) The Congress has placed a limit on the number of MAP grant aid materiel recipients, and we must have some rationale for determining which countries should be included in the MAP program.

These arguments have a good deal of validity in certain specific cases. In fact, most of them have existed in one form or another since the first program of military assistance to Greece and Turkey was inaugurated

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by President Truman in 1948, and later in the more comprehensive Mutual Defense Assistance Program of 1949. Thus, the real question is not whether the concerns expressed by the Secretary of Defense are valid but rather whether there are other considerations perhaps having even greater force. We believe that there are, and that they dictate that the liabilities cited by Secretary McNamara be minimized, but essentially accepted as the price paid to obtain vital security objectives of the US. What then are these other considerations?

1) All MAP aid has a fundamental foreign policy objective. It was so intended by the Congress as is clearly set forth in the law. In recognition of its fundamental political orientation the determination of countries who are to be recipients and the determination of the size of country programs has, since the inception of the program been vested in the Secretary of State, not the Secretary of Defense. In short, we support with MAP those countries in which our foreign policy interests dictate such support. There may be valid reasons for eliminating specific country programs. These

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might well be either that our foreign policy interests do not require such support or that MAP is an inefficient vehicle for the job. (We will comment more on this point subsequently.) Thus, we would maintain that, while in some cases there is a clearer military rationale for supporting certain forces, than there is in other cases, it is somewhat arbitrary and misleading to separate military from political purposes as the DOD memorandum does.

2) In many of the less developed countries, military leaders are an important element in the social and political structure. While we prefer civilian regimes, we also must, and in fact do, work with the ones that exist. It is presumably in our interest to approach such problems as objectively as we can, for our foreign policy cannot be limited to just those nations whose internal systems we prefer. If we acted otherwise our relations with foreign states might well be cut in half, or even half again. Moreover, in some cases military regimes offer a better prospect for stability and a stronger bulwark against Communist subversion than some of the feasible civilian alternatives (e.g., Indonesia, Thailand and Vietnam to cite but three). MAP is a means of developing ties with

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the local military, influencing the structure, training and equipping of their military establishments and most of all, influencing them to take actions consistent with our objectives and interests.

3) While we should try, and do try, to avoid being drawn into competition in the supply of arms, there are times when it is more in our interest to do so than not to do so. If we offer minimal training programs while the Soviets or Chinese offer major equipment, the inducement for recipients to opt for the latter is obvious. But exercise of such an option can result in replacement of US influence on the particular government's affairs by a Soviet or Chinese influence. We do not argue that such is inevitably the case. We do not even argue that we should in every case shrink from running the risk. We do say that we should not deny to ourselves, to our own political leadership, the option which grant military assistance offers us to preclude Communist influence, rather than to be precluded by it.

4) Withdrawal of our grant aid will not, in and of itself, cut off the supply of sophisticated military equipment and dampen arms races. As noted above, there are others willing and able to substitute their equipment

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for ours. This includes not only the Soviets and the CPR, but also some of our allies. In many cases we will be better able to control and dampen arms competition and local conflicts by remaining in the game. It is highly doubtful that US supplied arms accounted for the India-Pakistan clash. The fundamental grievances between the two nations could have flaired whatever the source of production of the guns and tanks. What is much clearer is that US cut-off of arms supply to an army standardized generally along US lines, placed enormous pressures upon the Paks to cease hostilities as rapidly as they did.

5) Finally, as to Secretary McNamara's concern for having to defend politically oriented programs we can only say we agree fully. It is appropriate to place this burden on the Secretary of Defense and the Defense Department. If justification exists it should fall to the State Department to stand up and be counted before the committees of Congress. If we fail in this task, we fail, but shifting the burden to DOD is wrong. Here is a change in procedure which can and should be made and which, if made, would clear the air.

In sum, we would conclude that MAP is and should continue to be an important foreign policy tool even in

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some countries where the military rationale for a program is decidedly secondary. We obviously should continue to scrutinize the value of MAP in each country on a case-by-case basis to assure that the use of this tool in a given circumstance does meet US objectives and to assure that other techniques will not do the job better. However, we should not eliminate MAP programs just because there is not a straightforward military or base rights rationale for the program.

C. With respect to the role of MAP in external defense, Mr. McNamara concludes: "Where the external defense of an ally is a central problem and where the local economy is weak, MAP is an appropriate, indeed a unique, instrument of US policy." We agree with this conclusion.

Moreover, as we have pointed out in commenting upon the DOD Ground Forces Memorandum, we see at least three trends which make for an increasing possibility of external aggression at the lower end of the hostilities spectrum. The first is a continuance of wars of liberation. The second is the greater latitude which the Soviets may feel to participate in lower level conventional hostilities, given the effect of the strategic nuclear stalemate and third, the coming into existence of independent highly

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nationalistic states has already, and will unquestionably in the future, involve frictions among them. What Secretary McNamara's memorandum on Military Assistance does not answer any more than does his memorandum on US ground forces, is how the US should formulate its policies and programs to meet such circumstances. We feel, for example, that there has been too much of a tendency in the planning of DOD materiel programs to assume, perhaps implicitly, that it would be US force, in the first instance, which would be injected into international disturbances in the future. We do not believe this view is held by Mr. McNamara, but we do believe that the programs for developing our own US capabilities are, to a large extent, implicitly predicated on just such a concept. Our own feeling is that the US should not establish itself as "the world's policeman" - a concept which the Secretary of State has frequently enunciated. But this may well mean that we have to find other ways for providing the means to secure at least minimum stability, and that specifically might well require military assistance. Moreover, where hostilities threaten to get beyond the bounds of indigenous capabilities, we must be

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sure that there is a capacity to project US forces into the conflict, if indeed that turns out to be the course which our policy leaders decide upon. Here again MAP fits into the picture. It is not enough for the US to have men, arms and transportation if we lack overflight rights, if we lack terminal base facilities and if there is not an initial indigenous military force which is capable of holding the fort until US forces arrive.

We are bound to say that the concept of the proper relationship between US and indigenous allied forces has not been clearly thought through and articulated in any of the DOD memoranda, including the one on Military Assistance. And we hasten to add the responsibility is at least as much that of the State Department as it is of the Department of Defense. For we should, in close and joint cooperation with DOD, define more clearly what our policy objectives are and how indigenous and US military force and forces relate to the accomplishment of those objectives.

D. With respect to internal security the memorandum concludes:

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"Internal security, resting as it does on actions across the entire socio-political spectrum must be achieved primarily through the efforts of the country itself, and the most important efforts are non-military. Moreover, there is a very practical limit to the feasibility and utility of US involvement in these internal struggles ... When the need to provide internal security is the primary justification for military assistance ... great care must be taken to tailor the program to the problems, and not to provide equipment and services which are appropriate to the problem of external defense."

These are appropriate general qualifications or guidelines to suggest with respect to the role of MAP. However, the fact remains that the US has found it in our interest to involve ourselves where threats to internal security have emerged (e.g., Thailand), and strengthening of military and paramilitary forces has been an element in such programs. The recognition that MAP alone cannot solve the problem may suggest the need for larger and more imaginative efforts in other fields rather than the reduction and constriction of MAP. In short, the very complexity of the internal security problem which is cited in the memorandum suggest that the criteria for MAP aid need to be subtle and flexible.

E. "The use of MAP assistance as a quid pro quo for base rights is sometimes cumbersome, but it is the form

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of payment most in demand by the countries providing bases," concludes the memorandum. However, the desirability of using other means of payment, where possible, is suggested. No changes are suggested at this time, and provision is made for continued MAP aid to Spain, Portugal, Ethiopia and Libya primarily on these grounds. However, the bases considered by DOD are primarily military bases. Our important intelligence facilities in several areas do not appear to be taken into account in considering the role of MAP in relation to bases. For example, no MAP grant aid for Pakistan is proposed, and while there are important political reasons for this position, this polic

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Similarly, the rationale for the Turkish program is based solely on the external defense objective without explicit recognition of the important bases that we hold there. While recognition of the base requirement would not necessarily change the character of MAP for Turkey, we believe it well might. Our recent discussions

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with the Turks indicate that additional MAP will be a
quid pro quo for extension of present vital facilities
agreements in Turkey.

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Date Printed: 03/20/1997

DOC_NUMBER: 82STATE034429

CHANNEL: n/a

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DRAFTED BY PA/PRESS:SRPITTMAN
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FOR ALAN ROMBERG FROM PA/PRESS

E.O. 12065: N/A

TAGS: SOPN, OVIP (HAIG, ALEXANDER M)

DEPARTMENT OF STATE

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SUBJECT: MORNING PRESS SUMMARY

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I. NEW YORK TIMES

(1) HEADLINE "HAIG SEEKS BONN'S HELP AT MADRID TALKS"
(PAGE NO. 3)

BYLINE: JAMES M. MARKHAM

LEAD: "SECRETARY OF STATE ALEXANDER M. HAIG JR. AND
FOREIGN MINISTER HANS-DIETRICH GENSCHER OF WEST GERMANY
MET TODAY TO TRY TO RECONCILE DIFFERING APPROACHES TO THE
MADRID CONFERENCE ON EUROPEAN SECURITY, WHICH RECONVENES
TUESDAY IN A SESSION THAT THE WEST HOPES TO USE TO
DENOUNCE THE MILITARY CRACKDOWN IN POLAND."

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MAJOR POINTS: AFTER THE MEETING, AN OFFICIAL IN HAIG'S
PARTY SAID THAT ONE GOAL HAD BEEN "TO COORDINATE THEIR
RESPECTIVE STRATEGIES" AT MADRID AND THAT "THE COORDINA-
TION WAS EFFECTIVE." A HIGH-RANKING WEST GERMAN DIPLOMAT
SAID TWO MEN HAD AGREED THAT GIVEN THE FLUIDITY OF THE
SITUATION AT THE CONFERENCE HERE IT "WOULD BE UNWISE TO
DECIDE ON ANYTHING AS TO THE FUTURE PROCEDURE."

--UPON ARRIVING IN MADRID SUNDAY NIGHT, MR. HAIG DECLARED
THAT IT WAS "ABSOLUTELY ESSENTIAL" FOR THE 35 DELEGATIONS

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TO THE TALKS "TO VIEW THE SITUATION IN POLAND AS A FUNDAMENTAL, AND PERHAPS FATAL THREAT TO THE ENTIRE HELSINKI PROCESS."

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--MAX M. KAMPELMAN HAS UNDERSCORED WASHINGTON'S TOUGH POSITION BY NOT BRINGING WITH HIM ANY OF HIS SPECIALIZED NEGOTIATORS ON EUROPEAN MILITARY SECURITY QUESTIONS OR HUMAN RIGHTS. BUT HE IS KNOWN TO BELIEVE THAT THE MEETING WILL CONTINUE AT LEAST UNTIL NEXT WEEK BEFORE BOTH NATO AND WARSAW PACT STRATEGIES ARE CLARIFIED.

--CONSIDERABLE UNCERTAINTY SURROUNDS TUESDAY'S SESSION. UNDER A SYSTEM OF ROTATION, THE CHAIRMAN SHOULD BE POLAND'S REPRESENTATIVE, DEPUTY FOREIGN MINISTER JOZEF WIEJACZ.

--LATE TONIGHT, THE POLISH DELEGATION, DIPLOMATS IN THE SPANISH-RUN SECRETARIAT OF THE CONFERENCE AND THE DUTCH WERE NEGOTIATING TO ACCOMMODATE AT LEAST 14 WESTERN NATIONS THAT HAVE SOUGHT TO SPEAK TUESDAY AND SEVEN WARSAW PACT NATIONS ADDED BY MR. WIEJACZ AT THE LAST MINUTE.

--HAIG'S POSITION IN THE SPEAKING ORDER APPEARED TO HAVE UNCLASSIFIED

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DROPPED FROM 9TH TO 14TH AS A RESULT OF THESE LAST-MINUTE NEGOTIATIONS, WHICH HAD THE GOAL OF AVOIDING A MAJOR DIPLOMATIC DISPUTE TUESDAY.

(2) HEADLINE: "POLAND OUTLINES ECONOMIC PROGRAM" (PAGE 3)

BYLINE: JOHN DARNTON

LEAD: "THE GOVERNMENT ISSUED THE OUTLINE OF A PROGRAM FOR ECONOMIC AND POLITICAL CHANGES TODAY INTENDED TO MAKE POLAND ECONOMICALLY INDEPENDENT FROM THE WEST AND SELF-SUFFICIENT IN FOOD PRODUCTION."

MAJOR POINTS: CALLS FOR THE PLANNING COMMISSION AND VARIOUS MINISTRIES TO SUBMIT PLANS IN FEBRUARY, MARCH AND APRIL FOR OVERCOMING THE ECONOMIC AND POLITICAL CRISIS.

--ONLY THE OVERALL GOALS WERE ANNOUNCED TODAY. THEY INCLUDE EXPANSION OF TRADE AND ECONOMIC COOPERATION WITH OTHER SOVIET-BLOC COUNTRIES, A REORIENTATION OF INDUSTRIAL

PRODUCTION FOR AGRICULTURE, A MOVE TO LESSEN THE DEPENDENCE OF THE ECONOMY ON IMPORTS FROM THE WEST, AND WAGE AND PENSION REFORM.

--THE PROGRAM WAS A FURTHER REFINEMENT OF THE LINE

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Date Printed: 03/20/1997

DOC_NUMBER: 82STATE034429

CHANNEL: n/a

DOWN BY GEN. JARUZELSKI IN A SPEECH TO PARLIAMENT ON JAN. 25. THE CABINET MEETING ON FRIDAY AND THE PUBLICITY GIVEN IT TODAY WERE DESIGNED TO SUGGEST THAT THE MARTIAL-LAW REGIME WAS WORKING ON THE COUNTRY'S PROBLEMS.

--A MAJOR ISSUE, WITH SOLIDARITY WILL BE THE FUTURE SHAPE OF THE LABOR MOVEMENT.

--UNIONS, THE DOCUMENT SAID, ARE TO BE "AUTHENTIC, INDEPENDENT AND SELF-GOVERNING REPRESENTATIVES" OF THE

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WORKERS, BUT IT ADDED THAT THEY MUST BE "HARMONIOUSLY INTEGRATED" INTO THE OVERRIDING OBJECTIVE OF "CONSOLIDATING THE STATE AND SOCIALIST DEMOCRACY."

--TODAY A NEW SERIES CALLED "WE ACCUSE" BEGAN OVER THE RADIO. IT IS A COMPENDIUM OF QUOTATIONS FROM SOLIDARITY LEADERS AND INTERPRETATIONS DESIGNED TO SUBSTANTIATE THE NOTION THAT THE UNION HAD BEEN AFTER NOTHING LESS THAN AN OVERTHROW OF COMMUNISM.

--NEWSPAPERS HAVE BEGUN PUBLISHING ARTICLES TRYING TO SHOW THAT SOLIDARITY LEADERS WERE UNDEMOCRATIC AND LOOSE WITH UNION FUNDS. CHARGES OF EMBEZZLEMENT HAVE BEEN RAISED.

--THE DOCUMENTS CALLED FOR A SWITCH IN PRODUCTION TO GOODS THAT CAN BE MANUFACTURED WITH DOMESTIC RAW MATERIALS AND ALSO FOR EXPANDED COOPERATION WITH COMECON, THE SOVIET BLOC'S ECONOMIC ALLIANCE.

--ZLOTY DEVALUED WITHIN SOVIET BLOC

--AS A SIGN OF FURTHER EASING IN TENSIONS, POLICEMEN IN FRONT OF THE UNITED STATES EMBASSY PERMITTED POLES TO ENTER TO APPLY FOR VISAS FOR THE FIRST TIME SINCE MARTIAL LAW WAS IMPOSED DEC. 13. AND TRAVEL CURBS WERE EASED FOR WESTERN DIPLOMATS, WHO MAY NOW TRAVEL WITHIN POLAND AFTER NOTIFYING THE FOREIGN MINISTRY OF THEIR PLANS...

(3) HEADLINE: "GOAL IN SALVADOR IS NOT MILITARY, STATE DEPT. SAYS"

BYLINE: BARBARA CROSSETTE (PAGE NO. 1)
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LEAD: "THE ADMINISTRATION DECLARED ONCE AGAIN TODAY THAT IT WAS NOT SEEKING A MILITARY SOLUTION IN EL SALVADOR BUT THAT FURTHER MILITARY AND ECONOMIC AID WERE NEEDED THERE."

MAJOR POINTS: "OUR GOAL IS NOT A MILITARY VICTORY," ENDERS TOLDSFRC. "WE WANT TO HELP THE SALVADORANS PREVENT THE INSURGENTS FROM DISRUPTING THE POLITICAL AND SOCIAL TRANSFORMATIONS THAT ARE NOT UNDER WAY."

--A POLITICAL RESOLUTION IS THE ONLY SOLUTION FOR EL SALVADOR, SAID MR. ENDERS.

--HOWEVER, HE SAID, "WE ARE GOING FOR A LARGER AMOUNT OF MILITARY ASSISTANCE AND A LARGER AMOUNT OF ECONOMIC ASSISTANCE."

--PERCY SAID IN INTRODUCTORY REMARKS THAT CONGRESS WAS UNDER STRONG PUBLIC PRESSURE TO REJECT THE ADMINISTRATION'S DECLARATION THAT EL SALVADOR WAS MAKING PROGRESS ON HUMAN RIGHTS.

--PELL ADDED THAT PUBLIC OPINION WAS BECOMING INCREASINGLY INFLAMED ON THE ISSUE.

--MR ENDERS WAS SHARPLY QUESTIONED TODAY BY THREE DEMOCRATIC SENATORS, TSONGAS, DODD AND ZORINSKY, BUT HE WOULD NOT COMMENT DIRECTLY ON RECENT STATEMENTS BY HAIG THAT UNITED STATES MILITARY ACTION IN CENTRAL AMERICA WAS STILL A POLICY OPTION.

--"NOTHING HAS BEEN RULED OUT, BUT NOTHING HAS BEEN RULED IN," HE SAID.

--PRESSED FOR PROOF THAT EL SALVADOR HAD REDUCED THE LEVEL OF POLITICAL VIOLENCE, AND QUESTIONED ON HOW THE

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UNITED STATES EMBASSY THERE HAD COLLECTED ITS EVIDENCE, ENDERS ACKNOWLEDGED THAT EL SALVADOR'S LEGAL SYSTEM "HAD VERY LARGELY BROKEN DOWN," THAT ITS JUDICIAL SYSTEM WAS "LARGELY INOPERATIVE" AND THAT ITS PROSECUTORS WERE SLOW IN PURSUING CASES.

--BUT HE REJECTED SUGGESTIONS THAT THE JUNTA SHOULD NEGOTIATE A NEW FORM OF GOVERNMENT IN WHICH THE GUERRILLAS WOULD TAKE PART. HE SAID THAT WOULD BE TO "HAND OVER" THE COUNTRY TO THE INSUR;ENTS.

--"WE ARE NOT SAYING THE HUMAN RIGHTS PROBLEMS IN THE COUNTRY HAVE BEEN RESOLVED," MR. ENDERS SAID. "ON THE

CONTRARY, WE BELIEVE THAT MASSIVE PROBLEMS REMAIN."

--MR. ENDERS AND ELLIOTT ABRAMS, ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS, WHO ALSO TESTIFIED, SAID THAT THE ORGANIZATIONS REPORTING HIGHER FIGURES WOULD NOT SAY WHERE THEIR INFORMATION CAME FROM.

--"WE ARE NOT SEEKING A LOW BODY COUNT," MR. ABRAMS SAID, "WE ARE SEEKING AN ACCURATE BODY COUNT."

4. HEADLINE: "STUDY BY BONN FORESEES TROUBLE FOR THE MILITARY"

BYLINE: JOHN VINOCUR, P. 12, BONN, 2/8

LEAD: "THE WEST GERMAN ARMED FORCES, GENERALLY REGARDED AS THE STRONGEST COMPONENT IN WESTERN DEFENSE OUTSIDE THE UNITED STATES, HAVE ENTERED A PERIOD OF DIFFICULTY AND POSSIBLE DECLINE, ACCORDING TO AN OFFICIAL STUDY PREPARED FOR DEFENSE MINISTER HANS APEL.

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-- IT WARNS THAT A WEB OF FINANCIAL, PERSONNEL AND POLITICAL PROBLEMS HAS CREATED CIRCUMSTANCES IN WHICH IT IS INCREASINGLY QUESTIONABLE IF WEST GERMANY CAN FULLY MAINTAIN OVER THE NEXT DECADES ITS COMMITMENTS TO NATO, ITS FORCE LEVELS AND THE ADVANCED TECHNOLOGICAL STATUS OF ITS FIGHTING UNITS.

-- THE OFFICIALLY STATES GOVERNMENT ATTITUDE WAS OFFERED LAST MONTH BY MR. APEL AS PARLIAMENT APPROVED A 1982 MILITARY BUDGET THAT MAKES A DECREASE IN REAL MILITARY SPENDING IN THE YEAR A VIRTUAL CERTAINTY.

-- THE EXTENT OF THE DIFFICULTIES IS SUBJECT TO INTERPRETATION.

THESE ARE SOME STATMENTS FROM THE DEFENSE MINISTRY STUDY:

"DEVELOPMENTS THAT ARE ALREADY APPARENT TODAY WILL MAKE IT DIFFICULT TO MAINTAIN THE HIGH LEVEL OF PERFORMANCE REQUIRED FOR SECURITY POLICY."

"THE EXPECTATIONS OF THE ALLIANCE ARE NOW HARDLY REALIZABLE."

"REAL GROWTH RATES FOR THE DEFENSE BUDGET ARE NOT TO BE EXPECTED."

"THE NATO 3 GOAL (AN INCREASE IN REAL SPENDING OF 3 PER YEAR) HAS NO CHANCE."

"WE ARE, IN FACT, NOT SECURED AGAINST ALL RISKS."

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-- IN GENERAL, FINANCIAL DIFFICULTIES ARE NOT ONLY A RESULT OF NEW MONEY SHORTAGES

BECAUSE OF THE LACK OF GROWTH IN THE NATIONAL ECONOMY AND THE CONTINUING EXPANSION OF SOCIAL COSTS, BUT ARE ALSO A RESULT OF LONGER-TERM DEVELOPMENTS

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OPMENTS IN WHICH MILITARY SPENDING LOST OUT TO OTHER MORE POLITICALLY PALATABLE OR SEEMINGLY URGENT SECTORS OF GOVERNMENT INVOLVEMENT, SUCH AS DEVELOPMENT AID OR SOCIAL

COSTS OR SERVICING THE NATIONAL DEBT.

-- THE PROBLEM TAKES IN ALL THE POLITICAL PARTIES, AND NOT JUST THE SOCIAL DEMOCRATIC AND FREE DEMOCRATIC COALITION OF THE LAST 12 YEARS.

-- THE REPORT ALSO SAYS THAT THE PART OF MILITARY OUTLAYS GOING TO RESEARCH, DEVELOPMENT AND TESTING FELL IN THE PAST 10 YEARS TO LOWER LEVELS THAN THOSE OF THE U.S., FRANCE AND BRITAIN.

-- IF, THEORETICALLY, NEW FUNDS COULD SLOW SOME OF THE TRENDS, MONEY STILL CANNOT COMPENSATE FOR THE COMING DECADES OF PERSONNEL SHORTAGES.

-- STARTING NEXT YEAR, THE NUMBER OF POTENTIAL RECRUITS FOR THE CONSCRIPT ARMY WILL BEGIN TO SINK AS A RESULT OF A FALL IN THE BIRTH RATE THAT ACCOMPANIED THE INTRODUCTION OF BIRTH CONTROL PILLS HERE A GENERATION AGO.

-- IN 1988, THE AVAILABLE POOL WILL SINK BELOW 252,000 FOR THE FIRST TIME, 1994 TO A LEVEL WHERE IT IS ESTIMATED THAT THERE WILL BE A SHORTAGE OF 109,000 RECRUITS.

NUMBER TRYING TO AVOID MILITARY SERVICE HAS GROWN, GOING FROM 45,000 IN 1979 TO 58,000 LAST YEAR.

-- THE INTERNAL REPORT WENT SO FAR AS TO SAY THAT PROMOTION PROBLEM "CAN DIRECTLY AFFECT THE FIGHTING CAPABILITY

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OF THE FORCES" BECAUSE OF THE AGE GAP BETWEEN MANY OFFICERS IN DIRECT CONTACT WITH THE TROOPS. THE REPORT

ALSO NOTED THAT SOME SPECIFIC JOBS WERE INCREASINGLY BEING HANDLED BY LESS THAN FULLY QUALIFIED PERSONNEL.

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5. HEADLINE: "U.S. AND BONN AGREE ON A COMBAT-SUPPORT ACCORD"

BYLINE: BONN, 2/8, P. 13

LEAD: "AFTER MORE THAN TWO YEARS OF NEGOTIATIONS, THE U.S AND WEST GERMANY HAVE AGREED ON A PROGRAM AIMED AT INCREASING THE EFFECTIVENESS OF AMERICAN UNITS THAT WOULD BE FLOWN HERE AT A TIME OF CRISIS OR WAR."

-- THE AGREEMENT ON HOST NATION SUPPORT PROVIDES FOR THE ACTIVATION OF 90,000 WEST GERMAN RESERVISTS TO BACK UP THE "SIX ARMORED, MECHANIZED AND INFANTRY DIVISIONS AND ASSOCIATED FLYING SQUADRONS" THAT WOULD BE DISPATCHED HERE TO REINFORCE THE 4 AMERICAN DIVISIONS AND AIR FORCE SQUADRONS STATIONED IN WEST GERMANY.

THE AGREEMENT MUST STILL BE SIGNED BY BOTH SIDES. A DRAFT TEXT OF THE DOCUMENT WAS CIRCULATED TODAY AMONG MEMBERS OF PARLIAMENT PREPARATORY TO ITS DISCUSSION ON WEDNESDAY BY THE BUNESTAG'S DEFENSE COMMISSION.

-- TRANSFERS THE RESPONSIBILITY FOR LOGISTICAL TASKS FROM AMERICAN UNITS TO WEST GERMAN ARMED FORCES. THIS WOULD ALLOW THE AMERICANS TO CONCENTRATE ON PROVIDING COMBAT TROOPS IN THE REINFORCEMENT PLAN.

-- THE AGREEMENT PROVIDES FOR BOTH WEST GERMAN MILITARY AND CIVILIAN SUPPORT.

-- APEL ESTIMATED THE COST OF SETTING UP THE PROGRAM WOULD BE \$325 MILLION, TO BE PAID EQUALLY BY THE 2 COUNTRIES OVER A 7 YEAR PERIOD. HE SAID THE ANNUAL OPERATIONAL COSTS THEREAFTER WOULD BE IN THE ORDER OF \$24 MILLION A YEAR.

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THE PROGRAM WILL BE STAFFED BY 1,200 WEST GERMAN TROOPS IN PEACE TIME. WHERE THE 90,000 RESERVISTS NEEDED FOR THE PLAN WILL COME FROM IS NOT CLEAR AND APPEARS TO BE A POTENTIAL ELEMENT FOR SOME POLITICAL DIFFICULTY.

6. HEADLINE: "INDONESIA EXPELS SOVIET AIDE AND ARRESTS AEROFLOT OFFICIAL"

BYLINE: JAKARTA, INDIA, 2/8, (AP), P. 13

LEAD: "INDONESIA ANNOUNCED TODAY THAT IT HAD EXPELLED A SOVIET DIPLOMAT AND ARRESTED A SOVIET AIRLINE EXECUTIVE ON CHARGES OF ESPIONAGE."

IT WAS THE FIRST EXPULSION OF A SOVIET DIPLOMAT BY INDONE-

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DOC_NUMBER: 82STATE034429

CHANNEL: n/a

SIA, OFFICIALS SAID.

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S.P. YERGOROV, AN ASSISTANT MILITARY ATTACHE, WAS DECLARED PERSONA NON GRATA ON FRIDAY AND ORDERED TO LEAVE THE COUNTRY WITHIN 24 HOURS. HE WAS SAID TO HAVE BEEN ARRESTED THURSDAY AT A RESTAURANT WHILE RECEIVING AN IMPORTANT DOCUMENT FROM AN UNIDENTIFIED INDONESIAN MILITARY OFFICIAL.

-- THE FOREIGN MINISTRY SAID ALEKSANDR FINENKO, WHO HEADS THE JAKARTA AEROFLOT WAS ARRESTED SATURDAY WHILE SEEING MR. YEGOROV OFF AT THE AIRPORT. IT SAID MR. FINENKO'S AEROFLOT POST WAS A COVER FOR HIS ROLE IN THE K.G.B.

-- SEVERAL SOVIET DIPLOMATS ASSAULTED INDONESIAN SECURITY OFFICERS AT MR. FINENKO'S ARREST, THE MINISTRY SAID.

7. HEADLINE: "SAUDIS SAY DIFFERENCES MAR TALKS WITH WEIN-

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BERGER"

BYLINE: RICHARD HALLORAN, P. 5, DHAHRAN, SAUDI ARABIA, 2/8

LEAD: "SEC. OF DEFENSE WEINBERGER ENDED 2 DAYS OF TALKS WITH SAUDI ARABIAN LEADERS TONIGHT WITH SAUDI OFFICIALS SUGGESTING THAT THE DISCUSSIONS HAD BEEN TROUBLED BY FUNDAMENTAL DIFFERENCES."

-- AMERICAN OFFICIALS DECLINED TO COMMENT.

-- ALTHOUGH DECLINING TO DISCUSS THE NATURE OF THE TALKS, AMERICAN OFFICIALS SAID THAT, BARRING LAST-MINUTE CHANGES, WEINBERGER HAD BEEN UNSUCCESSFUL IN PERSUADING PRINCE FAHD TO VISIT THE U.S. SO AS TO IMPROVE RELATIONS WITH WASHINGTON AND IN COMPLETING THE NEGOTIATIONS OVER LETTERS OF AGREEMENT UNDER WHICH THE \$8.5 BILLION SALE OF AWACS RADAR WARNING PLANES WOULD MOVE FORWARD.

-- THE AMERICAN OFFICIALS FURTHER SUGGESTED THAT WEINBERGER'S OFFER OF SUPPORT TO THE NEWLY FORMED GULF COOPERATION COUNCIL AND HIS SUGGESTION THAT THE U.S. WOULD BE FORTHCOMING ON A PROPOSAL TO HELP BUILD A REGIONAL ARMS INDUSTRY HERE FELL ON DEAF EARS.

-- THE OFFICIALS ASSERTED THAT THE U.S. SALE OF AWACS RADAR PLANES AND F-15 FIGHTERS TO SAUDI ARABIA CONTRIBUTED LITTLE TO A POLITICAL ALLIANCE BETWEEN THE TWO NATIONS. "YOU ARE JUST ARMS SALESMEN," SAID A GENERAL, "AND WE PAY CASH."

-- THOSE OFFICIALS DIFFERED IN THEIR VIEWS OF THE RAPID DEPLOYMENT FORCE THAT THE U.S. HAS BEEN BUILDING UP TO

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HELP DETER A SOVIET THREAT TO THE REGION. A MILITARY OFFICER SAID THE DEPLOYMENT FORCE WOULD BE INVITED IN ONLY AS A LAST RESORT. "WE DON'T WANT YOUR R.D.F.," HE SAID. THE SAUDI OFFICIALS SCORNE THE CAMP DAVID PEACE PROCESS. -- AFTER ONE CONVERSATION, A SENIOR INFORMATION OFFICIAL

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WAS ASKED WHETHER ANYTHING GOOD AT ALL HAD COME FROM THE CAMP DAVID EFFORT. "ONLY THE DEATH OF SADAT," HE REPLIED.

8. HEADLINE: "CHINESE TRY TO QUELL RUMORS THAT DENG'S POWER IS FADING"

BYLINE: CHRISTOPHER S. WREN, P. 4, PEKING, 2/8

LEAD: "SEVERAL CHINESE OFFICIALS AND EDITORS SOUGHT TODAY TO DAMPEN SPECULATION THAT CHINA'S 77 YEAR OLD LEADER, DENG XIAOPING, HAD LOST AUTHORITY THROUGH AN INTERNAL POWER STRUGGLE."

-- ONE EDITOR OBSERVED TODAY THAT MR. DENG HAD BEEN PULLING BACK FROM DAY-TO-DAY RESPONSIBILITIES FOR SOME TIME.

-- THIS EVENING, ZENG TAO, THE DIRECTOR OF THE NEW CHINA NEWS AGENCY, TOLD CORRESPONDENTS AT A RECEPTION THAT THERE HAD BEEN "NO CHANGE IN THE DECISIONS" OF THAT SESSION, AT WHICH MR. DENG RETAINED HIS POST AS A DEPUTY CHAIRMAN OF THE PARTY. DENG ALSO ASSUMED THE IMPORTANT POSITION OF CHAIRMAN OF THE PARTY'S MILITARY AFFAIRS COMMISSION, WHICH CONTROLS THE ARMY.

-- CHINESE OFFICIALS HAVE SAID PRIVATELY IN THE 4 WEEKS SINCE HE HAS BEEN OUT OF THE PUBLIC EYE THAT DENG HAS BEEN TRAVELING IN THE SOUTH. REPORTS FROM HONG KONG OVER THE WEEKEND PLACED HIM FOR THE FIRST TIME IN CANTON ON A TRIP BELIEVED TO BE CONNECTED WITH AN EXPECTED PURGE OF CORRUPT AND INCOMPETENT BUREAUCRATS.

-- THE GENERAL VIEW HERE IS THAT DENG WANTS TO AVOID BEING DRAINED BY DAILY COMMITMENTS AND MEETINGS SO THAT HE CAN

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DEVOTE HIS STRENGTH TO LARGER ISSUES, INCLUDING THE UNFINISHED 5-YEAR PLAN AND THE OVERHAUL OF THE BUREAUCRACY.

-- CHINESE OFFICIALS WHO HAS SUGGESTED THAT MR. DENG WAS IN THE SOUTH WOULD NOT CONFIRM THE HONG KONG REPORTS THAT HE

WAS IN CANTON.

-- HIS REPORTED PRESENCE THERE SUGGESTS, DIPLOMATS BELIEVE THAT HE IS STILL PLAYING A LEADING ROLE IN CHINESE POLITICS. HIS ABSENCE FROM PUBLIC VIEW HAS HAD NO APPARENT EFFECT ON THE OPERATION OF THE CHINESE GOVERNMENT.

-- SOME RECENT ARRESTS HAVE SUGGESTED THAT THE CLEANUP ANNOUNCED LAST DECEMBER BY PRIME MINISTER ZHAO ZIYANG IS STARTING WITH CORRUPT OFFICIALS BEFORE TRYING TO ROOT OUT AGING OR INCOMPETENT OFFICE-HOLDERS AND RADICALS LEFT OVER FROM MAO'S CULTURAL REVOLUTION. IT APPEARS THAT THE CRACK DOWN WILL BE LAUNCHED IN THE PROVINCES BEFORE MOVING TO PEKING.

9. "AROUND THE WORLD", 2/9/82, P. A9

A. HEADLINE: "PENTECOSTALS IN SOVIET GET 2ND ROOM AT EMBASSY"

BYLINE: MOSCOW, 2/8, UPI

LEAD: PENTECOSTALISTS MOVED INTO A SECOND ROOM TODAY DOUBLING THEIR LIVING SPACE.

PYOTR VASHCHENKO SHOWED GUESTS INTO A 15 BY 9 FOOT ROOM THAT WAS FORMERLY THE EMBASSY'S BARBER SHOP. VASHCHENKO,

HIS WIFE, AVGUSTINA, AND THEIR DAUGHTERS LYUBA AND LILIYA WILL MOVE INTO THE CARPETED ROOM.

MARIYA CHMYKHALOV AND HER SON TIMOFEI WILL REMAIN IN THE ROOM NEXT DOOR.

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AN EMBASSY SPOKESMAN SAID THE DECISION TO GIVE THE PENTECOSTALS MORE LIVING SPACE WAS MADE BY AMBASSADOR ARTHUR A. HARTMAN.

B. "U.S. WARHEAD DEFUSED IN WEST GERMAN BARN"

BYLINE: SCHRAMBERG, WEST GERMANY, 2/8, REUTERS

UNITED STATES DEMOLITION EXPERTS DEFUSED THE DAMAGED WARHEAD OF A SIDEWINDER MISSILE TODAY THAT WAS LOST A WEEK AGO FROM AN F-15 JET FIGHTER.

THE POLICE SAID THE AIR-TO-AIR MISSILE, WHICH CRASHED THROUGH THE BARN'S ROOF AND WENT 6 FEET INTO THE GROUND, WAS DEFUSED AFTER 2 DAYS WORK.

C. HEADLINE: "MOROCCO REJECTS PLEA TO TALK WITH REBELS"

BYLINE: NAIROBI, KENYA, 2/8

LEAD: "MOROCCO REJECTED A RECOMMENDATION TONIGHT BY AFRICAN LEADERS PARTICIPATING IN A SPECIAL MEETING HERE THAT IT NEGOTIATE DIRECTLY WITH THE POLISARIO FRONT ABOUT THE FUTURE OF WESTERN SAHARA.

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THE REJECTION WAS A REITERATION OF MOROCCO'S POSITION THAT SINCE THE GUERRILLAS ARE SUPPORTED BY ALGERIA, ANY TALKS ABOUT THE 7 YEAR OLD DISPUTE OVER WESTERN SAHARA SHOULD BE BETWEEN MOROCCO AND ALGERIA. THE ALGERIANS SAY THAT ONLY THE POLISARIO FRONT AND MOROCCO SHOULD NEGOTIATE.

MOROCCO'S REJECTION OF THE RECOMMENDATION CAME ON THE OPENING DAY OF A MEETING OF THE ORGANIZATION OF AFRICAN UNITY, WHICH WAS CALLED TO DISCUSS THE WESTERN SAHARA AND THE SITUATION IN CHAD.

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D. HEADLINE: "5 IRISH NATIONALS ARE ARRESTED BY U.S."
BYLINE: BUFFALO, NY, 2/8, UPI
LEAD: IMMIGRATION OFFICIALS SAID TODAY THAT 5 IRISH NATIONALS WERE ARRESTED OVER THE WEEKEND FOR ATTEMPTING TO ENTER THE U.S. FROM CANADA TO PURCHASE WEAPONS.

OFFICIALS DECLINED TO IDENTIFY THE 5 BUT SAID ADDITIONAL DETAILS WOULD BE MADE AVAILABLE LATER.

E. HEADLINE: "MEXICAN TO VISIT NICARAGUA"
BYLINE: MEXICO CITY, 2/8, REUTERS

LEAD: PRESIDENT JOSE LOPEZ PORTILLO OF MEXICO WILL PAY A ONE-DAY VISIT TO NICARAGUA FEB. 21, THE MEXICAN FOREIGN MINISTRY SAID TODAY. A MINISTRY STATEMENT SAID HE WOULD BE GIVEN NICARAGUA'S HIGHEST DECORATION, THE ORDER OF GENERAL AUGUSTO SANDINO.
COVERING SALVADOR

SUMMARY

CAYETANO CARPIO IS THE SENIOR LEADER OF THE SALVADORAN GUERRILLAS. HE HEADS THE POPULAR FORCES OF LIBERATION, ONE OF THE LARGEST ORGANIZATIONS OF THE FARABUNDO MARTI NATIONAL LIBERATION FRONT. THIS STATEMENT IS EXCERPTED FROM A TALK IN EL SALVADOR WITH ROGER BOYER - THIS IS A PSEUDONYM, REQUESTED BY T'L INTERVIEWER, WHO FEARS BEING DENIED READMISSION TO EL SALVADOR - FOR THE INTERLINK PRESS SERVICE, WHICH DISTRIBUTES THIRD-WORLD NEWS.

THE REAGAN ADMINISTRATION ALREADY HAS A COMBAT ROLE IN EL SALVADOR.

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ONE OF THE BIGGEST DANGERS OF THE ELECTIONS PROPOSED
BY PRESIDENT JOSE NAPOLEON DUARTE AND SUPPORTED BY THE
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REAGAN ADMINISTRATION IS THAT THEY WILL SERVE AS A
SMOKESCREEN FOR A STEPPED-UP OFFENSIVE AND FOR ASKING FOR
INCREASED LOGISTICAL SUPPORT FROM THE PENTAGON.

THE HELICOPTERS SUPPLIED BY THE UNITED STATES PROVIDE
ESSENTIAL SUPPORT FOR ALL OF THE JUNTA'S MILITARY
OPERATIONS. THIS EXPLAINS WHY REAGAN IS CONSTANTLY
INSISTING THAT THE UNITED STATES PROVIDE MORE HELICOPTERS.
PEOPLE NEED TO UNDERSTAND THE CRIMINAL NATURE OF THIS
WEAPON.

BUT WEAPONS ARE NOT THE ONLY FACTOR IN THIS CONFLICT.
IF IT WERE ONLY A TECHNICAL QUESTION OF ONE MILITARY UNIT
AGAINST ANOTHER, WE COULD MAKE A PREDICTION IN MILITARY
TERMS. BUT YOU CAN'T MAKE SUCH CALCULATIONS IN A
POPULAR WAR THAT HAS BEEN GOING ON FOR OVER 10 YEARS,
PUTTING THE ARMY AGAINST THE PEOPLE, AND ENGULFING THE
WHOLE COUNTRY.

THE POPULAR WAR IN ELSALVADOR IS BY NATURE SPREADING
THROUGHOUT THE COUNTRY.

OUR PROGRAM IS FOR A DEMOCRATIC, REVOLUTIONARY
GOVERNMENT, NOT FOR A SOCIALIST GOVERNMENT. THE PROGRAM
FOR THE DEMOCRATIC GOVERNMENT IS VERY BROAD-BROADER
THAN THAT OF MANY OF THE DEMOCRATIC GOVERNMENTS IN
EUROPE.

THE POPULAR MOVEMENT IS MADE UP OF A WIDE RANGE OF FORCES
WITH DIFFERENT WAYS OF THINKING, WHO HAVE JOINED TO-
GETHER IN THIS BROAD PROGRAM. THIS COALITION WILL HELP
THE COUNTRY FIND SOLUTIONS TO ITS PROBLEMS AND WILL GIVE
THE PEOPLE THE POLITICAL FREEDOM NECESSARY TO ORGANIZE
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AND CARRY FORWARD THE STRUGGLE FOR A PROGRAM THAT
INCLUDES DEMOCRACY, SOCIAL JUSTICE, AND INDEPENDENCE.
THE MARXISTS, FOR EXAMPLE, HAVE AGREED TO SUPPORT THIS
PROGRAM BECAUSE EVERYBODY MUST BE REALISTIC, AND BEING A
MARXIST IS NOT SYNONYMOUS WITH BEING UNREALISTIC.

THERE IS NO TRUTH TO THE CLAIM THAT ALL THE DIFFERENT

FORCES THAT SUPPORT THIS PROGRAM WILL HAVE TO GIVE UP THEIR PARTICULAR VIEWPOINTS.

THIS IS WHY THE CAMPAIGN BY REAGAN'S PROPAGANDA OFFICE AND BY THE PENTAGON AND THE C.I.A. ABOUT THE IMMEDIATE FORMATION OF A MARXIST GOVERNMENT IN EL SALVADOR IS SO FALLACIOUS. THEY ARE PERFECTLY WELL AWARE OF OUR DEMOCRATIC PROGRAM FOR A NEW GOVERNMENT.

BESIDES, HOW CAN THEY SAY THAT CUBA IS RESPONSIBLE FOR THE REVOLUTION IN EL SALVADOR WHEN WE WERE FIGHTING TO CHANGE THE SITUATION LONG BEFORE CUBA ITSELF WAS LIBERATED? OUR REVOLUTION IS ROOTED IN THE INTERNAL SITUATION IN OUR COUNTRY. THE REAL SOURCE OF THE CRISIS IS EXTREME SOCIAL INJUSTICE - THE ENORMOUS GAP BETWEEN THE FEW WHO DOMINATE AND OWN EVERYTHING AND THE SALVADORAN PEOPLE.

THE NORTH AMERICAN PEOPLE, WHO HAVE SUCH DEEP HUMANISTIC VALUES, DO NOT DESERVE TO BE LED ALONG A MILITARISTIC AND AGGRESSIVE PATH.

THE REAGAN GOVERNMENT IS ACTUALLY DISCREDITING ITS PEOPLE. I HAVE SEEN CHILDREN OF 4,6,8 YEARS OLD SHOT DOWN BY BULLETS FROM HELICOPTERS WITH NORTH AMERICAN ADVISERS IN THEM. THE NORTH AMERICAN PEOPLE DO NOT DESERVE THIS IMAGE. THIS IS PERHAPS ONE OF THE GREATEST CRIMES COMMITTED BY THE REAGAN GOVERNMENT IN SUPPORTING THIS KIND OF WAR.

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ONSLAUGHT AND PARANOIA

THE REAGAN ADMINISTRATION'S POLICY OF CLOSER RELATIONS WITH SOUTH AFRICA MAY BE NUDGING THAT COUNTRY NEARER TO PERMITTING INDEPENDENCE FOR NAMIBIA. BUT COZYING UP THE AFRIKANERS WITH "QUIET DIPLOMACY" HAS DONE NOTHING TO IMPROVE THEIR RACIST, REPRESSIVE REGIME.

IT'S NOT EVEN CLEAR THAT REAL PROGRESS HAS BEEN MADE ON THE NAMIBIAN PROBLEM. SOUTH AFRICA HAS RESISTED INDEPENDENCE SO LONG AND SO ADAMANTLY THAT NO ONE SHOULD BE SURPRISED IF PRETORIA'S LATEST MOVE TURNS OUT TO BE ANOTHER EXERCISE IN MENDACITY.

FOR THE MOMENT, SOUTH AFRICA HAS TERMED "POSITIVE" -WITHOUT FINALLY ACCEPTING-THE REVISED WESTERN PROPOSALS FOR POST-INDEPENDENCE NAMIBIA.

Date Printed: 03/20/1997

DOC_NUMBER: 82STATE034429

CHANNEL: n/a

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BUT MANY STUDENTS OF PRETORIA'S PARANOID WORLD VIEW DO NOT BELIEVE THAT THE GOVERNMENT OF PRIME MINISTER B.W. BOTHA, WHICH REGARDS SWAPO AS A PUPPET OF MOSCOW, INTENDS EVER TO PERMIT A SWAPO GOVERNMENT ON ITS BORDER. IN THIS VIEW, SOUTH AFRICA'S RELUCTANT NEGOTIATION OF INDEPENDENCE PROCEDURES IS NOT DESIGNED MERELY TO LIMIT SOME FUTURE SWAPO GOVERNMENT SO MUCH AS TO CONTINUE DELAYING INDEPENDENCE ITSELF, PERHAPS INDEFINITELY - HENCE PREVENTING THE ELECTION OF ANY SWAPO GOVERNMENT AT ALL.

SO THE POSSIBILITY CANNOT BE DISCOUNTED THAT AFTER HAVING WRUNG ALL THE CONCESSIONS IT CAN FROM THE WEST, AND

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POSSIBLY HAVING DELAYED A RESOLUTION FOR YEARS, SOUTH AFRICA AGAIN WILL FIND SOME PRETEXT FOR REJECTING WHAT IT HAS APPEARED TO ACCEPT. PRETORIA HAS DONE IT BEFORE, AND NO ONE-NOT EVEN THE REAGAN ADMINISTRATION WITH ITS PENCHANT FOR EMBRACING "AUTHORITARIAN" BUT ANTI-COMMUNIST REGIMES-SHOULD UNDERESTIMATE THE WILL AND CAPACITY OF THE AFRIKANERS TO GO THEIR OWN WAY.

NOTHING SUGGESTS, MOREOVER, THAT MR. REAGAN'S PROFFERED HAND HAS MADE SO MUCH AS A DENT IN APARTHEID OR REPRESENTATION.

NOW A JUDICIAL COMMISSION HAS REPORTED TO PARLIAMENT THAT SOUTH AFRICA FACES A "TOTAL ONSLAUGHT" FROM EAST AND WEST, DIRECTED PRIMARILY BY THE SOVIET UNION AND TAKING THE FORM OF A WHITE-BLACK POWER STRUGGLE. MOSCOW'S "PROXY" INSTRUMENTS IN FOMENTING IT WOULD BE THE AFRICAN NATIONAL CONGRESS, "BLACK THEOLOGY" (MEANING BISHOP DESMOND TUTU, GENERAL SECRETARY OF THE SOUTH AFRICAN COUNCIL OF CHURCHES), THE UNITED NATIONS AND THE ORGANIZATION OF AFRICAN UNITY.

THE PRESS SAID THE COMMISSION MUST BE RESTRICTED AND

THE PROPOSED LIMITS WOULD EFFECTIVELY SILENCE CRITICISM IN BLACK AND ENGLISH -LANGUAGE WHITE NEWSPAPERS. THE NATION'S TOUGH BANNING AND DETENTION LAWS, NOT TO MENTION APARTHEID ITSELF, WOULD HAVE TO BE CONTINUED-WITH A FEW COSMETIC ADJUSTMENTS SUGGESTED.

SINCE THE END OF NOVEMBER, THE AFRICAN-AMERICAN INSTITUTE REPORTS, 17 SOUTH AFRICAN TRADE UNION, STUDENT AND CLERICAL LEADERS HAVE BEEN DETAINED; A FOURTH "INDEPENDENT" BLACK HOMELAND, CISCHEI, HAS BEEN CREATED, WITH A POPULATION OF 660,000 OF WHOM 150,000 HAVE BEEN DEPORTED FROM SOUTH AFRICA PROPER AND STRIPPED OF SOUTH

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AFRICAN CITIZENSHIP.

AND IN A SPECTACULAR DEMONSTRATION OF CONTEMPT AND ABSURDITY, THE GOVERNMENT HAS JUST INTRODUCED TELEVISION APARTHEID-A SEPARATE CHANNEL FOR THE NATION'S 24 MILLION BLACKS, BROADCAST IN FIVE AFRICAN LANGUAGES. UNLIKE THE CHANNEL FOR THE FIVE MILLION WHITES, APARTHEID TV WILL NOT BE ALLOWED TO CLOSE ITS BROADCAST DAY WITH THE NATIONAL ANTHEM.

I. WALL STREET JOURNAL ARTICLES

"HAIG HOLDS TALKS WITH EUROPEANS ON POLISH CRISIS," P. 35

"U.S. TO DEMAND SUSPENSION OF MADRID CONFERENCE TO PROTEST REPRESSION"

"U.S. SECRETARY OF STATE ALEXANDER HAIG MET WITH OTHER WESTERN FOREIGN MINISTERS IN AN EFFORT TO KEEP WORLD ATTENTION FOCUSED ON U.S. CHARGES OF SOVIET-SPONSORED REPRESSION IN POLAND."

--HAIG WAS SCHEDULED TO SPEAK TODAY AT THE RESUMING CSCE.

--U.S. OFFICIALS SAID MR. HAIG "WOULDN'T STAND FOR IT" IF THE EAST BLOC TRIED TO PREVENT HIS SPEECH ACCUSING POLAND AND SOVIETS OF VIOLATING THE HELSINKI ACCORDS. IF THE SPEECH WAS BLOCKED, THE OFFICIALS SAID, HAIG PROBABLY WOULD WALK OUT.

--AFTER HAIG SPOKE YESTERDAY WITH WEST GERMAN FOREIGN MINISTER HANS-DIETRICH GENSCHER, AMERICAN SOURCES SAID BONN SHARES WASHINGTON'S GENERAL POSITION ON POLAND

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BUT DOESN'T WANT "TO GO ALL THE WAY" IN CALLING FOR A PROMPT END TO THE CONFERENCE.

--SWITZERLAND AND SOME OTHER NEUTRAL STATES FAVOR AN EARLY SUSPENSION OF THE MADRID TALKS, BUT FOR DIFFERENT REASONS FROM THOSE VOICED BY WASHINGTON.

--THE NEUTRALS ARGUE THAT CONTINUATION OF THE CONFERENCE AT THIS JUNCTURE COULD LEAD TO A DETERIORATION AND POSSIBLE TOTAL DISINTEGRATION OF THE HELSINKI PROCESS

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THEY SAY THERE SHOULD BE A BREAK TO ALLOW THE POLISH SITUATION TO IMPROVE, AT WHICH TIME THERE WOULD BE A CONSENSUS ON FIXING THE DATE FOR ANOTHER REVIEW CONFERENCE.

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--U.S. POSITION MAY SOFTEN SOMEWHAT ONCE PROCEEDINGS GET UNDERWAY, WITH WASHINGTON AGREEING TO TWO OR THREE WEEKS OF DISCUSSION BEFORE INSISTING ON SUSPENSION.

--TASS YESTERDAY SAID THE U.S. WOULD STAND IN "GROSS VIOLATION" OF THE HELSINKI ACCORDS IF IT TRIED TO TURN THE CONFERENCE INTO A DEBATE ON POLAND.

--KORNILOV, SAID THE U.S. WAS USING POLAND "AS A PRE-TEXT TO UPSET THE NORMAL PROCEEDINGS OF THE FORUM, TO

MAKE IT INTO A VEHICLE FOR INTERFERENCE IN THE AFFAIRS OF OTHER STATES AND TO REVIVE THE ATMOSPHERE OF THE COLD WAR. "

II. WALL STREET JOURNAL ARTICLES

"U.S. WEIGHS TRADE ACTIONS AGAINST JAPAN, "

"DISSATISFACTION IS EXPRESSED; POSSIBLE MOVES INCLUDE SANCTIONS, GATT PROBE"

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"THE REAGAN ADMINISTRATION, DISSATISFIED WITH JAPAN'S LATEST EFFORTS TO LOWER ITS TRADE BARRIERS, IS CONSIDERING TOUGH MEASURES TO INTENSIFY PRESSURE ON THE JAPANESE." BROCK IS EXPECTED MAKE PUBLIC THE ADMINISTRATION'S RESPONSE LATER THIS WEEK.

--AT THE SAME TIME, TRADE OFFICIALS DISCLOSED THEY ARE SERIOUSLY CONSIDERING A BROAD RANGE OF POSSIBLE U.S. ACTIONS TO PROD JAPAN FURTHER. THE MEASURES BEING DISCUSSED RANGE FROM IMPOSING SOME TRADE SANCTIONS TO BRINGING JAPAN BEFORE THE GENEVA-BASED GENERAL AGREEMENT ON TARIFFS AND TRADE.

--OFFICIALS EMPHASIZED THAT THE QUESTION OF WHAT FURTHER STEPS TO TAKE STILL IS IN PRELIMINARY STAGES OF DISCUSSION. AREN'T EXPECTED FOR SEVERAL MORE WEEKS. HOWEVER, THEY SAID THE U.S. DEFINITELY WON'T ACCEPT THE JAPANESE EFFORT AS FINAL.

--THE COMMON MARKET, IS CONSIDERING NEW MEASURES OF ITS OWN. THE EUROPEAN COMMISSION IS SCHEDULED TO DISCUSS

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A SERIES OF NEW STEPS NEXT WEEK AND MAKE RECOMMENDATIONS LATE THIS MONTH.

--U.S. STRATEGISTS CONTEND RESENTMENT OF JAPAN'S WORLD-WIDE EXPORT DRIVE IS SO STRONG THAT TOKYO WOULD BE ALMOST CERTAIN TO LOSE ANY VOTE IN GATT COUNCILS. "THEY WOULDN'T HAVE A SINGLE FRIEND IN THE WHOLE GATE," ONE OFFICIAL HERE SAID. A DECISION AGAINST JAPAN IN GENEVA COULD PAVE THE WAY FOR OTHER NATIONS TO IMPOSE RESTRICTIONS ON JAPANESE IMPORTS LEGALLY, WITHOUT VIOLATING INTERNATIONAL TRADE RULES.

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III. THE CHRISTIAN SCIENCE MONITOR

(1) HEADLINE: "MADRID MEETING ON HUMAN RIGHTS ICY OVER POLAND" (PAGE NO. 4)

BYLINE: ANA WESTLEY

SUMMARY: MADRID, MARTIAL LAW IN POLAND VIRTUALLY GUARANTEES THAT CSCE WILL REOPEN IN COLD-WAR ATMOSPHERE OF MUTUAL ACCUSATIONS.

--WESTERN NATIONS HAVE STARTED MOVING CLOSER TOGETHER TO ALIGN THEIR POLISH STRATEGY.

--"EUROPEAN THESIS," OR AT LEAST PART OF THE EUROPEAN DELEGATION, HAD OPTED FOR SAVING THE CONFERENCE.

--SOME OF THE EUROPEAN COUNTRIES, SUCH AS BELGIUM, WEST GERMANY, AND FRANCE, FEEL THAT THE CONFERENCE NEED NOT BE SUSPENDED OVER THE POLAND ISSUE AS AN EAST-WEST FORUM AVAILABLE FOR DIALOGUE.

--WITH THE CURRENT ATMOSPHERE SOURED BY POLAND, NO PROGRESS ON OTHER HUMAN-RIGHTS ISSUES OR ON DISARMAMENT IS EXPECTED. THERE IS A POSSIBILITY, AS A RESULT, THAT AFTER THE SPEECHES OF THE 15 WESTERN-BLOC FOREIGN MINISTERS, THE CONFERENCE MIGHT BE SUSPENDED AT THE INSTIGATION OF ONE OR MORE NONALIGNED OR NEUTRAL COUNTRIES.

(2) HEADLINE: "MODERATE ARABS WARM TO MUBARAK", "STRESS ON PALESTINIAN RIGHTS PUTS EGYPT'S FOOT IN ARAB DOOR"

BYLINE: JOHN YEMMA (PAGE NO. 1)

LEAD: "AMMAN, JORDAN, EGYPT MAY BE ON THE VERGE OF A RAPPROCHEMENT WITH THE ARAB WORLD THAT SPURNED IT THREE

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YEARS AGO FOR SIGNING THE CAMP DAVID PEACE ACCORDS."

MAJOR POINTS: THE DRIFT BACK HAS NOW BEEN ACCELERATED BY THE EGYPTIAN PRESIDENT'S RECENT VISIT TO WASHINGTON.

--MAINSTREAM ARAB STATES, GRATIFIED BY MR. MUBARAK'S STRESS ON PALESTINIAN RIGHTS DURING HIS WASHINGTON STAY, NOW APPEAR RECEPTIVE TO THE IDEA OF RECONCILIATION.

--THE EFFECT OF AN EGYPT-ARAB WORLD RAPPROCHEMENT, EVEN IF IT DOES NOT IMMEDIATELY MEAN A RESUMPTION OF DIPLOMATIC RELATIONS, WOULD BE TO:

-- STRENGTHEN THE ARAB BARGAINING POSITION VIS-A-VIS ISRAEL BY CREATING A STRONG, MODERATE BLOC.

-- INDUCE FRINGE MODERATES SUCH AS IRAQ TO BE LESS BELLICOSE TOWARD ISRAEL, AND THEREBY IMPROVE THE CREDIBILITY OF THE ARAB WORLD.

-- OPEN THE DOOR TO FINANCIAL AID FOR EGYPT FROM THE OIL-RICH CONSERVATIVES IN EXCHANGE FOR MORE EGYPTIAN AID IN THE MILITARY AREA.

--ARAB INTELLECTUALS AND WESTERN DIPLOMATS VOICE CONCERN, HOWEVER, THAT THE RAPPROCHEMENT COULD BE SEVERELY TESTED IF ISRAEL MAKES A PROVOCATIVE MILITARY MOVE--SUCH AS ONE IN SOUTHERN LEBANON--BEFORE COMPLETING ITS APRIL 25 WITHDRAWAL FROM SINAI.

--ISRAEL IS ALREADY UPSET WITH MR. MUBARAK'S DIPLOMATIC POSTURE.

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--WHAT HE APPEARS TO BE DOING, ESSENTIALLY, IS BRINGING EGYPT'S GOVERNMENTAL POLICY INTO LINE WITH THE EXTENSIVE DE-FACTO CONTACT THAT EGYPT AND THE REST OF THE ARAB WORLD HAVE TODAY. AND THE RESPONSE HAS BEEN POSITIVE.

(3) HEADLINE: "EXPANDING ARMS SHIPMENTS: A DANGEROUS POLICY". (OP-ED PAGE)

BYLINE: WILLIAM HARTUNG

--IN ITS FIRST YEAR IN OFFICE THE REAGAN ADMINISTRATION HAS MOVED RAPIDLY TO DISTINGUISH ITS POLICY ON THE TRANS-

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FER OF UNITED STATES ARMS TO FOREIGN COUNTRIES FROM THE
PREVIOUS CARTER ADMINISTRATION POLICY.

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--UNFORTUNATELY, THERE IS NO INDICATION THAT THE REAGAN
POLICY TEAM HAS A HEALTHY RESPECT FOR THE DANGERS
INHERENT IN A COMMITMENT TO EXPANDED ARMS SHIPMENTS BY
A NATION WHICH IS ALREADY THE WORLD'S DOMINANT SUPPLIER.

--THE ADMINISTRATION'S CATALOG OF "ACHIEVEMENTS" IN
ARMS TRANSFER POLICY IS SUBSTANTIAL:

-- IT HAS EFFECTIVELY ELIMINATED LEGISLATIVE BANS ON
MILITARY AID TO CHILE AND ARGENTIAN, DESPITE THEIR CONTIN-
UING SYSTEMATIC VIOLATIONS OF THE HUMAN RIGHTS OF THEIR
OWN CITIZENS.

-- IT HAS ARRANGED THE EXEMPTION OF PAKISTAN FROM
LEGISLATION MANDATING THAT COUNTRIES SUSPECTED OF
DEVELOPING NUCLEAR WEAPONS BE DENIED US MILITARY AID.
THE EXEMPTION CLEARS THE WAY FOR A PROPOSED MULTIYEAR,
DOLS. 3.2 BILLION MILITARY AND ECONOMIC AID PLAN AND THE
SALE OF 40 F-16S.

-- IT HAS WON A HARD-FOUGHT VICTORY OVER CONGRESSIONAL
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OPPONENTS OF THE DOLS. 8.5 BILLION SAUDI AWACS DEAL, A
RECORD OFFER TO A COUNTRY WHICH ALREADY HAD OVER DOLS. 20
BILLION IN BACK ORDERS UNDER THE US GOVERNMENT'S FOREIGN
MILITARY SALES PROGRAM.

-- IT HAS PUSHED THROUGH OVER DOLS. 50 MILLION IN
MILITARY AID TO EL SALVADOR, TWICE THE VALUE OF ALL US
MILITARY SHIPMENTS TO THAT NATION SINCE 1950. THE
RECENTLY INITIATED TRAINING OF 1,500 SALVADORAN MILITARY
PERSONNEL IN THE US WILL RESULT IN ADDITIONAL AID REQUESTS
BEFORE NEXT YEAR'S BUDGET GOES THROUGH.

--IN ADDITION, THE ADMINISTRATION HAS MOVED TO ENSURE A
MORE ACTIVE GOVERNMENT ROLE IN THE MARKETING OF US ARMS
THROUGHOUT THE WORLD. THE STATE DEPARTMENT HAS REPEALED
THE SO-CALLED "LEPROSY LETTER," WHICH HAD PROHIBITED US
GOVERNMENT PERSONNEL FROM ACTIVELY PROMOTING THE SALE OF
US ARMS OVERSEAS. THE NEW REAGAN ARMS TRANSFER GUIDELINES
ACTIVELY ENCOURAGE THE DEVELOPMENT OF NEW US WEAPONS
SOLELY FOR EXPORT.

--CONGRESS HAS AUTHORIZED THE ADMINISTRATION'S PROPOSED
SPECIAL DEFENSE ACQUISITION FUND, WHICH WILL STOCKPILE
COMMONLY ORDERED WEAPONS IN ORDER TO ASSURE FASTER
DELIVERY TIMES TO FOREIGN GOVERNMENTS. AT A TIME WHEN

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MOST CIVILIAN PROGRAMS ARE BEING CUT BACK, THE ADMINISTRATION HAS PUSHED THROUGH SUBSTANTIAL INCREASES IN US MILITARY LOANS AND GRANTS SO THAT FINANCIALLY STRAPPED DEVELOPING NATIONS CAN AFFORD TO BUY US AIRCRAFT, MISSILES, TANKS, AND HELICOPTERS.

ALL THESE ACTIONS SUGGEST A DANGEROUS TENDENCY TO RELY ON MILITARY SOLUTIONS TO COMPLEX SOCIAL AND ECONOMIC PROBLEMS.
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FAR FROM AIMING TO MAINTAIN AN ABSTRACT "BALANCE OF POWER" IN REGIONS OF POTENTIAL CONFLICT, MANY OF THE ACCELERATED U.S. ARMS SHIPMENTS ARE BEING USED IN COMBAT. THE USE OF U.S. HELICOPTERS AGAINST REFUGEES IN EL SALVADOR AND HONDURAS AND U.S. AIRCRAFT IN MOROCCO'S MILITARY OCCUPATION OF THE WESTERN SAHARA ARE ONLY THE MOST BLATANT EXAMPLES OF THE CONSEQUENCES OF EXPANDED ARMS TRANSFERS.

MORE GENERALLY, THE FREE FLOW OF WEAPONRY TO UNREPRESENTATIVE GOVERNMENTS LIKE THE SAUDI MONARCHY AND THE ZIA UL-HAQ DICTATORSHIP IN PAKISTAN RAISES SERIOUS QUESTIONS ABOUT WHAT FURTHER COMMITMENTS MIGHT BE MADE TO SUCH REGIMES IN THE NAME OF "STABILITY." PRESIDENT REAGAN HAS SAID THAT HE WILL NOT ALLOW SAUDI ARABIA TO BECOME ANOTHER IRAN, BUT THE SHAH'S FALL PROVED THAT NO AMOUNT OF ADVANCED U.S. WEAPONRY CAN KEEP AN UNPOPULAR REGIME IN POWER INDEFINITELY.

DOMESTICALLY, REAGAN POLICYMAKERS HAVE OVERLOOKED THE DANGERS TO THE U.S. ECONOMY OF GROWING DEPENDENCE ON ARMS SALES. THE MOST RECENT FIGURES FROM THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY SHOW THAT CLOSE TO 5 OF THE TOTAL U.S. EXPORTS CONSISTS OF WEAPONS. PARTICULAR COMPANIES ARE ESPECIALLY EXPORT-DEPENDENT: NORTHROP RECEIVED OVER HALF OF ITS BUSINESS IN FISCAL YEAR 1980 FROM FOREIGN MILITARY SALES CONTRACTS AND CHRYSLERS'S PRODUCTION LINE FOR THE M-60 TANK IS SOLELY DEPENDENT ON SALES TO THE MIDDLE EAST AND NORTH AFRICA FOR ITS CONTINUED OPERATION. THE AMERICAN LEAGUE FOR EXPORTS AND SECURITY ASSISTANCE, AN ARMS INDUSTRY LOBBYING GROUP WHICH SUPPORTS THE EASING OF ARMS EXPORT CONTROLS "TO ASSIST U.S. EXPORTERS AND PROVIDE AMERICAN JOBS," HAS SEEN MANY OF ITS RECOMMENDATIONS TRANSLATED INTO POLICY DURING THE FIRST YEAR OF THE REAGAN TERM.

WHAT IS GOOD FOR A SMALL GROUP OF ARMS EXPORTING FIRMS
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IS NOT NECESSARILY GOOD FOR THE ECONOMY AS A WHOLE. ARMS EXPORTS CREATE FEWER JOBS PER DOLLAR SPENT THAN MOST CIVILIAN ENTERPRISES. AT THE SAME TIME, AGGRESSIVE GOVERNMENT SUPPORT FOR EXPANDED ARMS SALES IS PRACTICALLY AN ADMISION OF DEFEAT IN THE AREAS OF CIVILIAN PRODUCT DEVELOPMENT WHICH COULD BE BENEFITING FROM THE RESEARCH AND ENGINEERING TALENT CURRENTLY DEVOTED TO PRODUCING WEAPONS FOR EXPORT.

MOST IMPORTANT, A GROWING MARKET FOR ARMS EXPORTS DEPENDS ON CONTINUING INTERNATIONAL CONFLICT, LEAVING WORKERS IN

THE ARMS EXPORT SECTOR IN THE UNEVIABLE POSITION OF DEPENDING ON INCREASING WORLD TENSIONS FOR THEIR LIVELIHOODS.

AFTER A YEAR IN PRACTICE, THE NEW REAGAN ARMS TRANSFER POLICY HARDLY LOOKS LIKE A LONG-TERM PRESCRIPTION FOR PEACE AND PROSPERITY. WILLIAM HARTUNG IS MILITARY AND ECONOMIC ANALYST FOR THE NEW YORK BASED COUNCIL ON ECONOMIC PRIORITIES, AND AUTHOR OF THE COUNCIL'S REPORT "WEAPONS FOR THE WORLD -- 1982."

IV. THE FOLLOWING ARTICLES ARE FROM THE BALTIMORE SUN:

1. HEADLINE: "BONN WAN'S MADRID TALKS MAINTAINED"
NO BYLINE; P. 4, MADRID
LEAD: "WEST GERMANY LAST NIGHT URGED THE U.S. TO MAINTAIN A DIALOGUE WITH THE SOVIET BLOC AT THE EUROPEAN SECURITY CONFERENCE DESPITE THE POLISH CRISIS."

MAJOR POINTS:

-- GENSCHER TOLD HAIG THAT IT WOULD BE A MISTAKE TO BREAK

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OFF TALKS ON DETENTE, A WEST GERMAN SPOKESMAN SAID.

-- WHILE THE U.S. IS KEEPING ITS OPTIONS OPEN ON CONTINUING THE MARATHON CONFERENCE, SENIOR AMERICAN OFFICIALS ARE KNOWN TO FAVOR A COOLING-OFF PERIOD UNTIL THE FALL AS A RESULT OF THE MILITARY CRACKDOWN IN POLAND.

-- GENSCHER TOLD HAIG SUCH A MOVE WOULD "NOT BE SENSIBLE" DESPITE TENSIONS CREATED BY THE POLISH CRISIS, THE BONN SPOKESMAN SAID.

-- A U.S. OFFICIAL SAID HAIG AND GENSCHER HAD A BROAD DISCUSSION ON THE POLISH SITUATION AND ON CONFERENCE TACTICS "DESIGNED TO COORDINATE THEIR RESPECTIVE STRATEGIES."

-- THE COORDINATION "WAS EFFECTIVE," THE AMERICAN OFFICIAL SAID.

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-- THE GERMAN SPOKESMAN SAID THE 2 AGREED THAT IT WOULD BE PREMATURE TO DECIDE ON FUTURE TACTICS AT THE 15 MONTH CONFERENCE UNTIL AFTER TODAY'S SESSION AND THAT IT WOULD BE BETTER TO WAIT UNTIL FRIDAY'S SESSION.

-- BOTH THE WEST AND THE NEUTRAL NATIONS AGREE THAT PROGRESS ON OUTSTANDING ISSUES SUCH AS DISARMAMENT AND HUMAN RIGHTS IS VIRTUALLY IMPOSSIBLE IN THE PRESENT ATMOSPHERE.

2. HEADLINE: "U.S. READY TO PRODUCE NERVE GAS, REAGAN SAYS"
NO BYLINE, P. 8, WASHINGTON

LEAD: "PRESIDENT REAGAN NOTIFIED CONGRESS YESTERDAY THAT HE PLANS TO RESUME PRODUCTION OF CHEMICAL WEAPONS IN AMERICA FOR THE FIRST TIME SINCE 1979 TO DETER RUSSIA'S USE OF ITS STOCKPILE AND TO BE ABLE TO RETALIATE IF DETERRENCE FAILS."

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PRODUCTION WILL REQUIRE A FURTHER APPROPRIATION OF \$123 MILLION SOUGHT IN THE FISCAL 1983 BUDGET.

-- REAGAN'S NOTIFICATION WAS REQUIRED BY LAW TO SET THE STAGE FOR PRODUCTION. HE CERTIFIED THAT THE STEP "IS ESSENTIAL TO THE NATIONAL INTEREST."

THE DEFENSE DEPT. SAID PRODUCTION OF TWO TYPES OF THE LETHAL CHEMICAL WEAPONS IS PLANNED -- A "BUGEYE BOMB" CARRYING THE NERVE AGENC VX AND A 155 MILLIMETER ARTILLERY SHELL THAT DELIVERS A NERVE AGENT CALLED GB.

-- THE PENTAGON REAFFIRMED AMERICAN COMMITMENT NOT TO USE SUCH WEAPONS FIRST AND ALSO REITERATED STANDING POLICY AGAINST EVEN THE POSSESSION OF BIOLOGICAL OR TOXIN WEAPONS.

-- THE PENTAGON, SUPPORTING THE PRODUCTION DECISION, SAID DEFENSIVE MEASURE ALONE MIGHT NOT BE ENOUGH TO PREVENT SOVIET USE OF CHEMICAL WEAPONS.

ARTICLE NO. 3- BALTIMORE SUN

"2 SENATORS URGE SALVADOR TALKS BETWEEN GOVERNMENT, REBELS"

"TWO DEMOCRATIC SENATORS YESTERDAY URGED NEGOTIATIONS"

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BETWEEN THE GOVERNMENT AND INSURGENTS IN EL SALVADOR, A STEP THE ADMINISTRATION CLAIMED WOULD LEAD, IN THE PRESENT CIRCUMSTANCES, TOWARD COMMUNIST RULE."

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THE TWO ARGUMENTS WERE DIRECTED AT THE SAME GOAL: FREEDOM AND AN END TO BLOODLETTING IN EL SALVADOR.
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"WE FEEL THAT IS THE WAY OUT, " MR. TSONGAS TOLD ADMINISTRATION WITNESSES. THEIR RESPONSE WAS THE ONE THEY HAVE GIVEN BEFORE: THE WAY OUT IS THROUGH THE FREE ELECTIONS PROMISED BY THE JUNTA, WHICH THE UNITED STATES SUPPORTS.

THOMAS O. ENDERS; THE ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS, CAREFULLY DEFINED THE ADMINISTRATION VIEW TOWARD NEGOTIATIONS.

--"OUR GOAL IS EFFECTIVENESS IN A VIOLENT AND BITTERLY DIVIDED AREA OF THE WORLD. I WOULD NEVER ARGUE THAT ALL THOSE OPPOSED TO THE REGIME ARE COMMUNISTS. I DO ARGUE, HOWEVER, THAT THE EXTREMISTS WOULD EMERGE WHICH WOULD IMPOSE A COMMUNIST DITATORSHIP."

--UNDER QUESTIONING BY TSONGAS, ENDERS SAID NO ONE HAS TRIED TO DEFINE WHAT THE ULTIMATE FINANCIAL COMMITMENT OF THE UNITED STATES MAY BE.

--THEN THE ANSWER WAS A NEGOTIATED SOLUTION, TSONGAS SAID, AND IT HAD TO COME THIS YEAR. MR. ENDERS ANSWERED WITH A QUESTION, "YOU MEAN JUST HAND IT OVER?"

--WOULD THAT MEAN JUST HANDING IT OVER? TSONGAS ASKED. IN THE CIRCUMSTANCES, ENDERS REPLIED, YES.

--BUT THE ALTERNATIV, TSONGAS SAID, WAS AN ENDLESS DRAIN ON THE TREASURY AND ULTIMATELY A DECISION WHETHER TO COMMIT U.S. TROOPS.

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ACTION PM-01

INFO LOG-00 ACDA-15 AID-01 CIAE-00 C-01 EB-01 HA-09
H-01 INRE-00 INR-01 L-03 ADS-00 NEA-01 NSAE-00
NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
-----40DE20 192228Z /38

R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2295
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 01 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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TAGS: MASS, EAID, IS
SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF
-- SECURITY ASSISTANCE (AIASA),
-- PART I - FMF AND ESF

REF: STATE 114962

PORTIONS NOT RELEASABLE TO FOREIGN NATIONALS

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DEPARTMENT OF STATE 9301128
K/S/FC/CDR SA Data OCT 11 1996

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| PA Exemptions | () DOWNGRADE TS to () S or () C | |

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SECTION I. POLICY CONSIDERATIONS:

A. (U) THE FUNDAMENTAL U.S. POLICY OBJECTIVE IN THE MIDDLE EAST IS TO ACHIEVE STABILITY BY PROMOTING LASTING PEACE AMONG THE PEOPLES OF THE REGION. IN ADDITION, THE U.S. SEEKS TO PROMOTE DEMOCRATIZATION, TO RESOLVE CONFLICTS OVER NATURAL RESOURCES SUCH AS WATER, AND TO END REGIONAL ARMS COMPETITION, PARTICULARLY IN WEAPONS OF MASS DESTRUCTION. IT ALSO UNDERTAKES TO PROMOTE THE ECONOMIC PRINCIPLES OF THE FREE MARKET, TO MAINTAIN ACCESS TO OIL RESOURCES, TO STRENGTHEN U.S. EXPORTS, AND TO MONITOR AND DEFEND HUMAN RIGHTS. THE ONGOING PEACE PROCESS OF BILATERAL AND MULTILATERAL NEGOTIATIONS BEGUN IN MADRID LAST OCTOBER, AND SPONSORED BY THE U.S., AIMS AT EFFECTIVELY MEDIATING THE FULL RANGE OF ARAB-ISRAELI DISPUTES, AND PROVIDES A COMPREHENSIVE FRAMEWORK FOR ACHIEVING THE ABOVE GOALS AND OBJECTIVES.

B. (U) CENTRAL TO U.S. POLICY IS OUR ENDURING COMMITMENT TO THE SURVIVAL AND SECURITY OF THE STATE OF

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PAGE 03 TEL AV 08518 01 OF 13 191234Z
ISRAEL. U.S. SECURITY ASSISTANCE IS KEY TO MAINTAINING ISRAEL'S DEFENSE, AND ITS CONFIDENCE IN THE CHANGING GEOPOLITICAL ENVIRONMENT FOLLOWING THE GULF WAR, INCLUDING ITS ACTIVE PARTICIPATION IN THE MIDDLE EAST PEACE PROCESS. OUR ESF AND FMF GRANTS PROVIDE THE RESOURCES NECESSARY TO ALLOW ISRAEL TO MAINTAIN DETERRENCE AND A QUALITATIVE EDGE OVER ITS REGIONAL ADVERSARIES. DURING THE GULF WAR, ISRAEL EXERCISED A POLICY OF RESTRAINT THAT CONTRIBUTED TO U.S. STRATEGIC AND TACTICAL OBJECTIVES, BUT IN THE PAST YEAR THE WISDOM OF THIS RESTRAINT HAS BEEN THE SUBJECT OF DEBATE IN ISRAEL, REFLECTING THE ISRAELI DESIRE FOR MAXIMUM AUTONOMY AND INDEPENDENCE OF ACTION IN DEFENSE MATTERS. ISRAEL HAS TAKEN ADVANTAGE OF THE REDUCED SHORT-TERM MILITARY THREAT POSTWAR BY REFORMULATING ITS DEFENSE THINKING, STRATEGY AND DOCTRINE, AND IMPLEMENTING A NUMBER OF LONG-TERM MILITARY REFORMS, ONE OF WHICH IS ITS POLICY OF ACTIVE MISSILE DEFENSE, AS IN THE "ARROW" ATBM PROGRAM.

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SECTION II. THREAT PERCEPTION:

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NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
-----40DE32 192231Z /38

R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2296
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAJFKSWC FT BRAGG
DIA WASHDC



~~SECTION 02 OF 13 TEL AVIV 08618~~

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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PAGE 02 TEL AV 08618 02 OF 13 191236Z
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B. (S/NF) THE MIDDLE EAST PEACE PROCESS: 


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C. (S/NF) COLLAPSE OF THE SOVIET UNION:

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D. (S/NF) MISSILE AND NON-CONVENTIONAL WARFARE
PROLIFERATION:

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[REDACTED]

E. (S/NF) SYRIA:

[REDACTED]

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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2297
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 03 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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[REDACTED]

G. (S/NF) LEBANON: [REDACTED]

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[REDACTED]

H. (S/NF) [REDACTED]

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I. (S/NF) JORDAN: [REDACTED]

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NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2298
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
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CNO WASHDC
CDRUSAJFKSWC FT BRAGG
DIA WASHDC

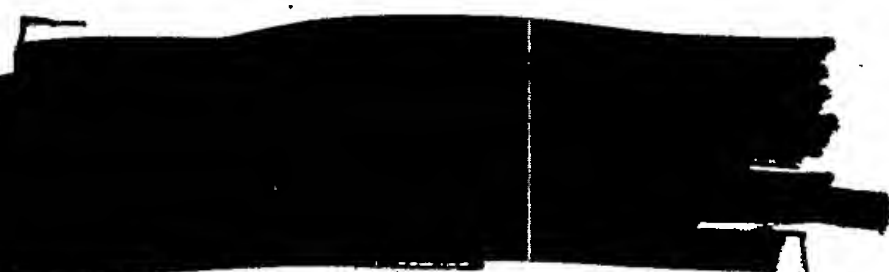
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STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSA

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J. (S/NF) IRAQ: 

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K. (S/NF) IRAN: [REDACTED]

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L. (S/NF) SAUDI ARABIA: [REDACTED]

M. (S/NF) EGYPT: [REDACTED]

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PAGE 04 TEL AV 08618 04 OF 13 191237Z

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N. (S/NF) LIBYA:

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PAGE 01 TEL AV 08618 05 OF 13 191238Z
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H-01 INRE-00 INR-01 L-03 ADS-00 NEA-01 NSAE-00
NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2299
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAJFKSWC FT BRAGG
DIA WASHDC

~~SECTION 05 OF 13 TEL AVIV 08618~~

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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O. (S/NF)

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SECTION III. HOST COUNTRY ACTIVITIES

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A. GENERAL

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H-01 INRE-00 INR-01 L-03 ADS-00 NEA-01 NSAE-00
NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
-----40DE77 192239Z /38

R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2300
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 06 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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BEING CONSTRUCTED AND FINANCED BY GERMANY

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B. ARMY

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PAGE 03

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(U) A NEW REAR AREA DEFENSE CORP/COMMAND TO PROTECT POPULATED AREAS WAS ALSO RECENTLY ESTABLISHED. THIS NEW COMMAND IS IN ADDITION TO THE NORTHERN, CENTRAL AND SOUTHERN COMMANDS AND REFLECTS INCREASED DEFENSE CONCERN FOR REAR AREA VULNERABILITY TO MISSILE ATTACK.

(S/NF)

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C: AIR FORCE

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PAGE 01 TEL AV 08618 07 OF 13 191241Z
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NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2301
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

~~SECTION 07 OF 13 TEL AVIV 08618~~

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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SUBJECT: FY. 1994 ANNUAL INTEGRATED ASSESSMENT OF

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[REDACTED]

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D. NAVY

(S/NF)

[REDACTED]

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(C)

[REDACTED]

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ACTION PM-01

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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2302
INFO SECDEF WASHDC
JCS WASHDC
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TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAJFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 08 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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TAGS: MASS, EAID, IS
SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF


E. MARINES

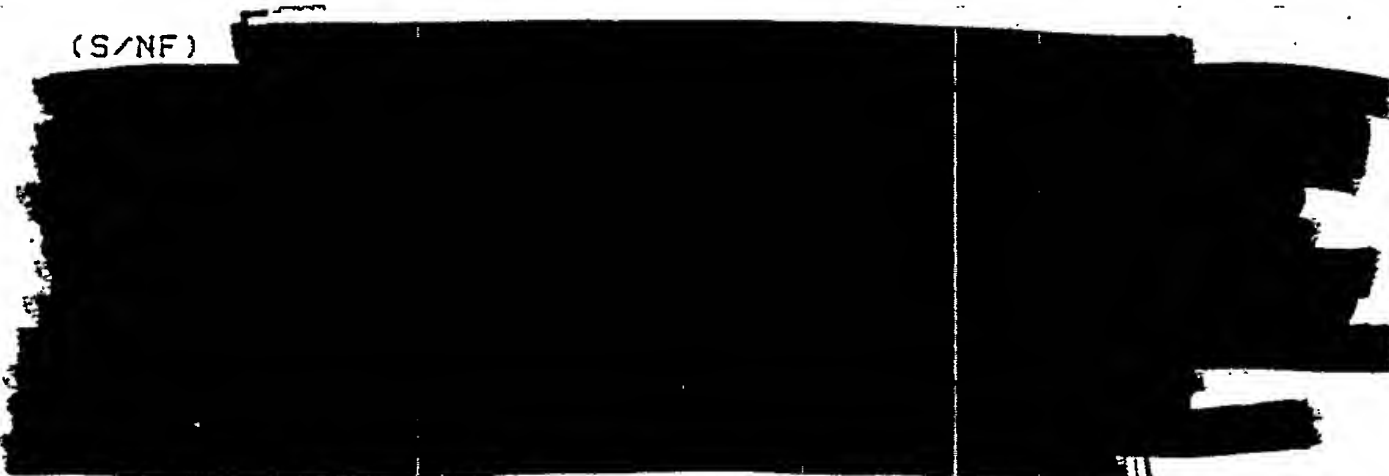
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F. PARAMILITARY

(S/NF)



G. NATIONAL POLICE

(C/NF)



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SECTION IV. ANALYSIS OF DEFENSE SPENDING

A. ACTUAL EXPENDITURES FOR PREVIOUS TWO YEARS (1990 AND 1991)

(U) STATE 114962 REQUESTS A BREAKDOWN OF ACTUAL EXPENDITURES FOR 1990 AND 1991 ACCORDING TO BRANCH OF MILITARY SERVICE. THIS INFORMATION IS NOT AVAILABLE IN

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THE ISRAELI GOVERNMENT BUDGET DOCUMENTS: NOT FROM
VARIOUS GOI BUDGET SOURCES. DATA ON DEFENSE
EXPENDITURES ARE PUBLISHED ACCORDING TO WAGES, TRANSFER
PAYMENTS, CONSTRUCTION, AND DOMESTIC AND FOREIGN
PURCHASES, AS FOLLOWS BELOW.

(IN MILLIONS OF U.S. DOLLARS)

| EXPENDITURE | 1990 (ACT.) | 1991 (EST.) (9 MONTH FY) |
|-------------|-------------|-----------------------------|
|-------------|-------------|-----------------------------|

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| | | |
|----------------------|-------|-------|
| WAGES/PENSIONS | 2,134 | 1,646 |
| TRANSFER PAYMENTS | 425 | 318 |
| CONSTRUCTION | 176 | 135 |
| PURCHASES IN-COUNTRY | 2,012 | 1,658 |
| PURCHASES ABROAD | 1,983 | 1,373 |
| ----- | | |
| TOTAL EXPENDITURES | 6,730 | 5,130 |

EXPLANATORY NOTES:

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NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2303
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFJFKSWC FT BRAGG
DIR WASHDC

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STATE FOR PM/DSRA, PM/DTR, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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-- THE ORIGINAL DATA IN THE "BUDGET IN BRIEF" ARE IN
MILLIONS OF CURRENT SHEKELS.

-- ISRAELI FISCAL YEAR 1991 COVERED ONLY 9-MONTHS

-- THE FOLLOWING AVERAGE EXCHANGE RATES WERE USED TO

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CONVERT SHEKELS TO DOLLARS:

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| | |
|------|------|
| 1990 | 2.02 |
| 1991 | 2.28 |

-- BECAUSE CHANGES IN INFLATION AND IN DOLLAR/SHEKEL EXCHANGE RATES DO NOT PARALLEL EACH OTHER EXACTLY OVER TIME, BUDGET FIGURES, PARTICULARLY WHEN CONVERTED INTO DOLLARS TO DRAW COMPARISON BETWEEN YEARS, SHOULD BE REGARDED AS SOMEWHAT DISTORTED.

-- THERE ARE ADDITIONAL DISCREPENCIES DUE TO ROUNDING.

B.. (U) DEFENSE SPENDING AS A PERCENTAGE OF GDP FOR PREVIOUS TWO YEARS (1990 AND 1991)

THE ISRAEL GOVERNMENT PUBLISHES ITS NATIONAL ACCOUNTS ON A GDP RATHER THAN A GNP BASIS. THE SHARE OF DEFENSE SPENDING GIVEN BELOW IS PRESENTED ACCORDINGLY.

NOMINAL VALUE IN BILLIONS OF DOLLARS FOR:

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| ISRAELI FISCAL YEAR | 1990 | 1991 |
|------------------------------|------|--------------|
| GDP | 49.8 | 58.4 |
| DEFENSE BUDGET | 6.3 | 4.9 (9 MOS.) |
| - | - | 6.2 |
| - | - | (ANNUALIZED) |
| DEFENSE AS A PERCENT OF GDP: | 12.6 | 10.6 |
| - | - | (ANNUALIZED) |

EXPLANATORY NOTE: GOI BUDGET OFFICIALS CAUTION AGAINST ANNUALIZATION OF BUDGET FIGURES AS THE LAST QUARTER OF A GIVEN FISCAL YEAR NORMALLY CONTAINS HIGHER EXPENDITURE LEVELS THAN THE PRECEDING QUARTERS.

THE FIGURES GIVEN ABOVE PRESENT A SOMEWHAT DISTORTED VIEW OF THE ACTUAL "DEFENSE BURDEN" ON THE ISRAELI

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ECONOMY. THE FIGURES FOR DEFENSE SPENDING INCLUDE U.S. FMF GRANT ASSISTANCE, WHICH CONTINUES TO REPRESENT 30 PERCENT OF THE TOTAL ISRAELI DEFENSE BURDEN. WHEN U.S. FMF GRANT ASSISTANCE IS SUBTRACTED AND ONLY DOMESTIC ISRAELI DEFENSE EXPENDITURES ARE CONSIDERED, THE "DEFENSE BURDEN" ON THE ISRAELI ECONOMY IS REDUCED TO LESS EXCESSIVE, ALTHOUGH STILL SIGNIFICANT, LEVELS.

C. THIRD COUNTRY SECURITY ASSISTANCE

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PAGE 04. TEL AV 08618 09 OF 13 191243Z
(U) DURING THE GULF WAR, ISRAEL RECEIVED SIGNIFICANT SECURITY ASSISTANCE FROM GERMANY AND THE NETHERLANDS. SOME OF THIS AID ARRIVED IN 1991 AND THE GOI EXPECTS THE REMAINDER TO ARRIVE IN 1992.

SECTION V. ARMS CONTROL CONSIDERATIONS:

A. (U) FOLLOWING LESSONS LEARNED FROM THE GULF WAR, MIDDLE EAST ARSENALS CONTINUE TO GROW IN SIZE AND SOPHISTICATION. OF PARTICULAR CONCERN TO THE U.S. AND

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ACTION PM-01

INFO LOG-00 ACDA-15 AID-01 CIAE-00 C-01 EB-01 HA-09
H-01 INRE-00 INR-01 L-03 ADS-00 NEA-01 NSAE-00
NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
-----40DED9 192251Z /38

R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2304
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAJFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 10 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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PAGE 02 TEL AV 08618 1 OF 13 191244Z
TAGS: MASS, EAID, IS
SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF

TO ISRAEL IS THE INCREASING NUMBER OF SURFACE-TO-SURFACE
MISSILES IN REGIONAL INVENTORIES, AND THE DRIVE BY
CERTAIN STATES TO ACQUIRE OR INCREASE THEIR STOCKS OF
UNCONVENTIONAL WEAPONS, AND TO DEVELOP INDIGENOUS
PRODUCTION CAPABILITIES: U.S. SALES TO ISRAEL PROJECTED
FOR FY1994 WILL NOT SIGNIFICANTLY ALTER THE REGIONAL

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ARMS RACE, IN VIEW OF CONTINUING ARMS SALES TO ISRAEL'S ADVERSARIES, INCLUDING SYRIA, LIBYA AND IRAN.

B. (U) TWO NEW DEVELOPMENTS MERIT ATTENTION: FIRST, THE PRESIDENT'S MAY 1991 ARMS CONTROL FOR THE MIDDLE EAST INITIATIVE (ACME), TO CONTROL DESTABILIZING ARMS TRANSFERS TO THE MIDDLE EAST, MAY BEGIN TO ENCOURAGE SUPPLIER RESTRAINT. SECOND IS THE ARMS CONTROL AND REGIONAL SECURITY WORKING GROUP OF THE MULTILATERAL TALKS IN THE CONTEXT OF THE PEACE PROCESS, WHERE ISRAEL IS CONCERNED FIRST OF ALL BY CONVENTIONAL WEAPONS ASSYMETRIES, BUT INCREASINGLY ALSO BY ITS ADVERSARIES' ACQUISITION OF UNCONVENTIONAL WEAPONS AND DELIVERY SYSTEMS.

SECTION VI. HUMAN RIGHTS ASSESSMENT:

A. (U) AS A DEMOCRATIC STATE, ISRAEL MAINTAINS A NUMBER OF INSTITUTIONAL SAFEGUARDS TO ENSURE DUE PROCESS AND BASIC HUMAN RIGHTS. HOWEVER, ISRAEL'S ARAB MINORITY, COMPRISING SIXTEEN PERCENT OF THE POPULATION,
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ASSERTS THAT IT IS SUBJECT TO VARYING FORMS OF DISCRIMINATION. THE COMPTROLLER GENERAL, IN HER RECENT REPORT, ACKNOWLEDGED THAT ARAB CITIZENS OF ISRAEL ARE SUBJECT TO DISCRIMINATION IN A NUMBER OF AREAS.

B. (U) IN THE OCCUPIED TERRITORIES ISRAEL'S POLICIES HAVE REGULARLY RAISED HUMAN RIGHTS CONCERNS, ESPECIALLY SINCE THE OUTBREAK OF THE PALESTINIAN INTIFADA IN DECEMBER 1987. IN PAST YEARS, THE USG HAS CRITICIZED SUCH ACTS AS THE DEPORTATION OF PALESTINIANS FOR SECURITY OFFENSES, THE USE OF ADMINISTRATIVE DETENTION WITHOUT TRIAL, THE DEMOLITION OR SEALING OF HOMES OF SECURITY OFFENDERS, AND OCCASIONS WHERE EXCESSIVE USE OF FORCE HAS CAUSED AVOIDABLE CASUALTIES. IN 1992, THE USG CONTINUED TO EXPRESS ITS CONCERNS ABOUT VIOLATIONS IN THESE AREAS. ISRAEL HAS DEFENDED ITS ACTIONS ON THE GROUNDS THAT INTERNATIONAL LAW APPLIES DIFFERENTLY TO TERRITORIES UNDER MILITARY OCCUPATION AND THAT SECURITY THREATS TO ISRAEL DEMAND SUFFICIENTLY STRONG PUNITIVE AND DETERRENT MEASURES.

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C. (U) IN THE PAST YEAR, VARIOUS INTERNATIONAL HUMAN RIGHTS ORGANIZATIONS, AS WELL AS HUMAN RIGHTS GROUPS IN ISRAEL AND THE OCCUPIED TERRITORIES, HAVE PUBLISHED REPORTS ALLEGING THAT ISRAELI SECURITY SERVICES HAVE USED PHYSICAL AND PSYCHOLOGICAL PRESSURE ON PRISONERS UNDERGOING INTERROGATION. LACK OF SUFFICIENT ISRAELI MEASURES TO REMEDY THE SITUATION LED THE INTERNATIONAL COMMITTEE OF THE RED CROSS TO PUBLICLY CALL FOR CHANGES IN ISRAELI PROCEDURES, A HIGHLY UNUSUAL STEP FOR THE ICRC.

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D. (U) FOLLOWING THE KILLING OF A NUMBER OF ISRAELI SETTLERS AND OTHER SHOOTING INCIDENTS IN THE OCCUPIED TERRITORIES IN LATE 1991-1992, ISRAELI AUTHORITIES IMPOSED A NUMBER OF CURFEWS ON VARIOUS AREAS OF THE WEST BANK. AFTER THE KILLINGS BY GAZANS OF ISRAELIS IN JAFFA AND BAT YAM, THE GOI ALSO SEALED OFF THE GAZA STRIP TWICE, THE LATTER FOR A PERIOD OF OVER FIFTEEN DAYS, AFTER WHICH A LIMITED RELAXATION OF RESTRICTIONS OCCURED. ISRAELI AUTHORITIES ASSERTED THESE WERE NECESSARY SECURITY MEASURES TO PROTECT ARAB WORKERS --

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ACTION PM-01

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H-01 INRE-00 INR-01 L-03 ADS-00 NEA-01 NSAE-00
NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
-----40DF00 192255Z /38

R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2305
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR YAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

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STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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TAGS: MASS, EAID, IS
SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF

FOLLOWING ANTI-ARAB RIOTING IN THE WAKE OF THE BAT YAM
MURDER -- BUT HUMAN RIGHTS GROUPS TERMED THE ACTIONS
COLLECTIVE PUNISHMENT.

E. (U) AN ISSUE THAT HAS SPARKED WIDE DEBATE IN ISRAEL
AND THE OCCUPIED TERRITORIES IS THE GOI'S USE OF

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UNDERCOVER UNITS. PALESTINIAN AND ISRAELI HUMAN RIGHTS GROUPS ASSERT THAT THESE UNITS EMPLOY SHOOT-TO-KILL TACTICS AGAINST PALESTINIAN SUSPECTS. ONE HUMAN RIGHTS GROUP ASSERTS THAT UNDERCOVER UNITS HAD SHOT DEAD 19 INDIVIDUALS SINCE THE BEGINNING OF 1992, 9 OF WHOM WERE UNARMED. GOI OFFICIALS CLAIM THAT THE UNITS ARE BOUND BY STRICT RULES OF ENGAGEMENT, ARE NECESSARY TO RESPOND TO THE PROLIFERATION OF FIREARMS IN THE TERRITORIES, AND THAT SOLDIERS WHO VIOLATE PROCEDURES WILL BE PUNISHED ACCORDING TO THE LAW.

F. (U) WHILE THE GOI HAS ANNOUNCED MEASURES DESIGNED TO PROMOTE ECONOMIC DEVELOPMENT IN THE OCCUPIED TERRITORIES, PALESTINIANS CLAIM THAT LITTLE HAS BEEN DONE TO IMPLEMENT THE DECISIONS.

G. (U) ON THE POSITIVE SIDE, MONTHLY VISITS BY FAMILIES TO PALESTINIANS IN KETZIOT PRISON ARE CONTINUING UNDER THE AUSPICES OF THE ICRC. ALSO, THE NUMBER OF DEMOLITIONS AND SEALINGS OF HOMES FOR SECURITY REASONS HAS DECLINED IN 1992. WHILE THE OVERALL PRISON POPULATION HAS NOT CHANGED, THE NUMBER OF PALESTINIANS

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IN ADMINISTRATIVE DETENTION CONTINUED TO DECLINE
BEGINNING IN LATE 1991.

SECTION VII: STATUS OF SECURITY ASSISTANCE:

B. (C)

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SPECIFIC, MUTUALLY-BENEFICIAL RESEARCH ACTIVITIES



D. (U) SINCE 1986 THE U.S. HAS PROVIDED 1.2 BILLION DOLLARS ANNUALLY IN ECONOMIC SUPPORT FUNDS (ESF) TO ISRAEL. THIS ASSISTANCE IS ENTIRELY IN GRANT FORM. ESF

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LEVELS APPROXIMATE ANNUAL DEBT PAYMENTS TO THE USG FOR
PAST IMF LOANS.

F. (U) ALTHOUGH THE GOI CONTINUES TO CALL ECONOMIC REFORM A PRIORITY, IT HAS HAD ONLY MODEST SUCCESS IN CARRYING OUT OVERALL STRUCTURAL REFORM. WHILE IMPORTANT STRIDES HAVE BEEN TAKEN IN CAPITAL MARKET AND FOREIGN CURRENCY REFORMS, MUCH REMAINS TO BE DONE. PRIVATIZATION MOVES VERY SLOWLY AND LITTLE PROGRESS HAS BEEN MADE IN REDUCING THE SHARE OF THE PUBLIC SECTOR IN THE ECONOMY. WITHOUT SIGNIFICANT STRUCTURAL REFORM,

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ACTION PM-01

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NSCE-00 OMB-01 SP-01 SS-01 T-01 DTC-01 /039W
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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2306
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
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STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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TAGS: MASS, EAID, IS
SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF

LONG TERM SUSTAINABLE ECONOMIC GROWTH WILL BE DIFFICULT.

SECTION VIII. PROJECTED FY 1994 SECURITY ASSISTANCE

A. GENERAL DESCRIPTION

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B. FMF FINANCING RECOMMENDATIONS

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(U) ISRAELI MINISTRY OF DEFENSE OFFICIALS WILL PRESENT DETAILED AND CURRENT INFORMATION ON IDF SYSTEMS REQUIREMENTS AND PROJECTED CASH FLOW TO THE NEXT BILATERAL MEETING IN WASHINGTON OF THE JOINT SECURITY ASSISTANCE PLANNING GROUP (JSAP).

C. NON-FUNDED FMS CASH AND COMMERCIAL MILITARY SALES/ACTIVITIES

(U) THIS INFORMATION IS PROVIDED DIRECTLY BY ISRAELI MINISTRY OF DEFENSE OFFICIALS AS A PART OF THE ANNUAL JSAP GROUP MEETING.

D. EXCESS DEFENSE ARTICLES

(U) THIS INFORMATION IS PROVIDED DIRECTLY BY ISRAELI MINISTRY OF DEFENSE OFFICIALS AS A PART OF THE ANNUAL

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JSAP GROUP'S MEETING.

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E. OVERALL ECONOMIC IMPACT ON HOST COUNTRY OF PROJECTED
MILITARY PURCHASES (FUNDED AND NON-FUNDED)

(U) ISRAEL HAS RECEIVED FMF ENTIRELY IN GRANT FORM SINCE
U.S. FY 1984. THE PROPOSED FMF PROGRAM THUS HAS LITTLE
DIRECT IMPACT ON THE SIZE OR STRUCTURE OF FUTURE ISRAELI
DEBT SERVICE TO THE UNITED STATES. THE ONLY ECONOMIC
PROBLEM GENERATED BY U.S. ASSISTANCE IS THAT THE GOI

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MAKES LITTLE, IF ANY EFFORT, TO STERILIZE THE AMOUNT OF
FMF CONVERTED INTO SHEKELS FOR LOCAL PURCHASES. THESE
MONIES THEREFORE IMPACT ON THE GENERAL PRICE LEVEL OF AN
ECONOMY PRONE TO INFLATION.

(C) EXPENDITURE OF ESF ASSISTANCE IS NOT SUBJECT TO USG
SUPERVISION. INSTEAD, IT IS CREDITED TO THE MINISTRY OF
FINANCE WHICH TREATS IT AS ANOTHER SOURCE OF GOVERNMENT
REVENUE. IDF EXPENDITURE OF THE DOMESTIC PURCHASES
PORTION OF FMF ALSO IS NOT SUBJECT TO USG SUPERVISION.
EMBASSY CONTINUES TO BELIEVE THAT THE DEFENSE BUDGET

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R 191203Z JUN 92
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 2307
INFO SECDEF WASHDC
JCS WASHDC
USCINCEUR VAIHINGEN
TREASURY WASHDC
DISAM WPAFB
HQDA WASHDC
HQUSAF WASHDC
CNO WASHDC
CDRUSAFKSWC FT BRAGG
DIA WASHDC

~~SECRET~~ SECTION 13 OF 13 TEL AVIV 08618

STATE FOR PM/DSRA, PM/DTP, PM/P, NEA/IAI
STATE PLEASE PASS TO OMB, ACDA, AID
SECDEF PLEASE PASS TO OSD/ISA ROMANOWSKI AND DSAA

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SUBJECT: FY 1994 ANNUAL INTEGRATED ASSESSMENT OF

LIKELY CONTAINS FUNDS FOR THE CONSTRUCTION OF ROADS AND
INFRASTRUCTURE TO MAINTAIN AND ESTABLISH ISRAELI
SETTLEMENTS IN THE WEST BANK AND GAZA. GIVEN THE
FUNGIBILITY OF BOTH ESF ASSISTANCE AND THE DOMESTIC
PURCHASE PORTION OF FMF, IT COULD ALSO BE ARGUED THAT
U.S. ASSISTANCE FREES UP OTHER ISRAELI SOURCES TO FUND

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SETTLEMENT ACTIVITY.

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SECTION IX. FUTURE SECURITY ASSISTANCE NEEDS
(FY 1995)

(U) AS NOTED IN SECTION VIII-B ABOVE, DETAILED AND CURRENT DATA ON OUT YEAR PROGRAMS WILL BE PRESENTED BY THE GOI TO U.S. INTERAGENCY TEAM AT THE NEXT JSAP IN WASHINGTON.

SECTION X. ARMAMENTS-INDUSTRIAL COOPERATION

A. GENERAL DESCRIPTION (ARMAMENTS-INDUSTRIAL COOPERATION).

(U) IN JANUARY 1992, A FORMAL MEETING WAS CONDUCTED IN ISRAEL TO DISCUSS THE ACTIVITY UNDER THE TERMS OF THE MEMORANDUM OF UNDERSTANDING GOVERNING MUTUAL COOPERATION IN RESEARCH AND DEVELOPMENT, SCIENTIST AND ENGINEER

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EXCHANGE, AND PROCUREMENT AND LOGISTIC SUPPORT OF DEFENSE EQUIPMENT. PROGRESS ON BOTH SIDES HAS BEEN MADE IN TRYING TO ADHERE TO THE SPIRIT AND TERMS OF THE MOU.

B. CURRENT ARMAMENTS/INDUSTRIAL COOPERATION ACTIVITIES.

(U) THERE IS A LARGE VOLUME OF ONGOING ARMAMENT COOPERATION ACTIVITIES. WHILE THEY HAVE LITTLE DIRECT IMPACT ON ISRAELI SHORT TERM SECURITY ASSISTANCE REQUIREMENTS, THESE ACTIVITIES STRENGTHEN ISRAELI DEFENSE INDUSTRIES AND OVER THE LONGER TERM PROVIDE AN ADDITIONAL SOURCE FOR ARMS PROCUREMENT. HARROP.

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U.S. DEPARTMENT OF STATE

Office of the Spokesman

For Immediate Release

February 12, 1995

STATEMENT BY NICHOLAS BURNS/SPOKESMAN

REGULATORY CHANGE RELATED TO
THE TEMPORARY EXPORT OF
CRYPTOGRAPHIC PRODUCTS FOR PERSONAL USE

A Federal Register notice has been published to announce that the International Traffic in Arms Regulations (ITAR) is being amended to establish an exemption for the temporary export of cryptographic products for personal use. The effect of this change will be to ease the burden on U.S. citizens and lawful permanent residents who have the need to temporarily export cryptographic products when leaving the U.S. for a brief period of time.

Since 1993, the U.S. Government has been reviewing its policy regarding the domestic use, and export, of cryptographic technology. U.S. national security and foreign policy interests require that appropriate controls be maintained on the export of cryptographic technology. However, the Department of state has continued to reform the export procedures applicable to cryptographic products. The new regulations will provide for an exemption from the requirement for an export license when certain cryptographic products are exported temporarily and solely for personal use.

The regulations limit the number of hardware and software products that may be temporarily exported. The encryption products must remain in the possession of the exporting person and must be for his or her exclusive use. The encryption products may not be copied, used for demonstration, re-exported, sold or otherwise marketed. The export of cryptographic products for other than personal use is still subject to existing licensing requirements.

To use the exemption, exporters would be required to maintain a record of each temporary export, and subsequent re-import, of the encryption product(s). Any loss or theft of the encryption product must be reported to the Department of State.

The temporary export may not be to a destination which is prohibited by a resolution of the United Nations Security Council or to a country to which export, or the issuance of a license for export, would be prohibited by U.S. statute. This prohibition includes export to countries that have been determined to have repeatedly provided support for acts of terrorism such as Cuba, Iran, Iraq, Libya, North

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DEPARTMENT OF STATE

Billing Code 4710-25

Directives Management Branch

Bureau of Management

Paperwork Reduction Act

Revision of Information Collection Requirement

This is a request for comments on the revised information collection requirement contained in 22 CFR 123.27(b), published in today's Federal Register. This revision has already been approved by OMB; its OMB control number is 1405-0103. Comments will be accepted for sixty days from the date listed at the top of this page in the Federal Register. Comments should address one or more of the following points:

(1) Evaluate whether the proposed revision of information collection is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.

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(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Ways to enhance the quality, utility and clarity of the information to be collected;

(4) Ways to further minimize the burden of the collection of information on those who are to respond.

If you have additional comments, suggestions or need additional information, please contact Ms. Rose Biancaniello, Office of Defense Trade Controls, Bureau of Political-Military Affairs, ATTN: Regulatory Change, Personal Use Cryptographic Products, U.S. Department of State, Room 200, SA-6, Washington, D.C. 20520.

Overview of this revised information collection requirement:

(1) Type of information collection: Revision of current approved information collection.

(2) The title of the form/collection: Not applicable.

Revision removes requirement to complete and submit a government form and replaces it with self-certification and minimized record-keeping.

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(3) The agency form number, if any, and the applicable component of the Department sponsoring the collection: Form number: non applicable. Sponsored by the Bureau of Political-Military Affairs, United States Department of State.

(4) Who will be asked or required to respond, as well as a brief abstract: Primary: U.S. persons temporarily exporting cryptographic products. Others: None. Before this revision, U.S. persons temporarily exporting cryptographic products were required to obtain a temporary export license from the Office of Defense Trade Controls prior to departing the United States and to complete Form 7525-V and deliver it to the U.S. Customs Service on their return. The revision allows travellers, in most circumstances, to temporarily export cryptographic products without a license and requires them merely to keep a personal log of such temporary exports and a self-certification that the restrictions on such temporary exports have been complied with. The log needs to be kept by the exporter for five years from the date of each temporary export. This record-keeping requirement is required by the Department of State in order to promote compliance with, and facilitate enforcement of, remaining restrictions on the temporary export of cryptographic products for personal use. These include controls on the temporary export of such items to terrorism-supporting states and destinations subject to United Nations arms

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5) An estimate of the total number of travellers and the annual amount of time estimated for an average traveller to record the relevant information: 10,000 travellers at 0.25 hours, or 15 minutes per year.

(6) An estimate of the total public burden (in hours) associated with the information collection: 2500 hours.

If additional information is required contact: Mr. Charles S. Cunningham, Forms Management Officer, United States Department of State, Directives Management Branch, Bureau of Management, Room B-264 M.S., 2201 'C' Street, N.W., Washington, D.C. 20520.

Public comment on this revised information collection is strongly encouraged.



February 8, 1996

Charles S. Cunningham

Forms Management Officer, United States Department of State

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Please insert on page 5, before "List of Subjects"

Paperwork Reduction Act

The record-keeping requirement contained in section 123.27(b) has been approved by OMB and has a control number of 1405-0103. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

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DEPARTMENT OF STATE

Bureau of Political Military Affairs

22 CFR Parts 123 and 126

[Public Notice 2294 1]

Amendment to the International Traffic in Arms Regulations

AGENCY: Department of State

ACTION: Final Rule

SUMMARY: This rule would amend the International Traffic in Arms Regulations (ITAR) by establishing in Section 123.27 an exemption for the temporary export of cryptographic products for personal use. The effect of the change would be to ease the burden on U.S. citizens and lawful permanent residents who have the need to temporarily

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export cryptographic products when leaving the U.S. for brief periods of time.

Interested parties are invited to submit written comments to the Department of State, Director, Office of Defense Trade Controls, ATTN: Regulatory Change, Personal Use Cryptographic Products, Room 200, SA-6, Washington, D.C. 20520-0602.

FOR FURTHER INFORMATION CONTACT: Rose Biancaniello, Deputy Director for Licensing, Office of Defense Trade Controls, Department of State 703 875-6643 or FAX 703 875-6647

SUPPLEMENTARY INFORMATION: The U.S. Government has since 1993, at the direction of the President, been reviewing the U.S. policy regarding the domestic use of, and export controls on, cryptographic technology. While U.S. national security and foreign policy compel maintaining appropriate export controls on cryptography, the Department of State has continued to reform the export control procedures applicable to those products incorporating cryptography which are controlled by the ITAR in Category XIII(b)(1). For example, on September 2, 1994, the Department published (at 59 Federal Register 45621) a final rule change which created a new Section 228.25. The section provides for a

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new arrangement by which the Department of State may provide approval for category XIII(b)(1) cryptography products to be distributed by U.S. manufacturers directly to foreign end users without obtaining an individual license for each transaction.

After extensive review, the Department of State has decided to further amend the regulations to provide for an exemption for the temporary export of cryptographic products for personal use. The exemption does not apply to other circumstances, for example, those in which a person contemplates sales, marketing or demonstration. Nor does the exemption apply to exports to destinations listed in Section 126.1 of the ITAR which are prohibited by a United Nations Security Council Resolution or to which the export (or for which the issuance of a license for the export) would be prohibited by a U.S. statute ^{(e.g., by Section 48 of the Arms Export Control} ~~including to~~

12 U.S.C. 2720, ¹² countries that have been determined to have repeatedly provided support for acts of international terrorism, i.e., Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria).

This rule amends Part 123 to add a new Section 123.27 to reduce the burden on individual users of cryptographic products by providing an exemption for the temporary export for personal use of products covered by category XIII(b)(1)

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when the product remains in the possession of the exporter or the possession of another U.S. citizen or lawful permanent resident traveling with him/her. For purposes of this ^{exemption} ~~subparagraph~~, a product is considered to be in the possession of the exporter if the exporter takes normal precautions to ensure the security of the products(s) by locking the products in a hotel room, safe, or other comparably secure location; and, while in transit, the exporter keeps the product in his/her carry-on luggage or locked in baggage accompanying the exporter which has been checked with the carrier.

~~. For purposes of this exemption, a product is considered to remain in the possession of the exporter if the exporter takes normal precautions to ensure security of the products by locking the products in a hotel room, safe, or other comparably secure location.~~

This amendment involves a foreign affairs function of the United States and thus is excluded from the procedures of Executive Order ^{12866 58 FR 51735} ~~12291~~ (46 FR 13193) and 5 U.S.C. 553 and 554.

This rule affects collection of information subject to the Paperwork Reduction Act (44 U.S.C. 3501 et seq), and will serve to reduce the burden on exporters by adding an

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exemption which will remove the current requirement for a license.

List of Subjects in 22 CFR 123 and 126

Arms and munitions, Classified information, Exports.

Accordingly, for the reasons set forth in the preamble, title 22, chapter I, subchapter M, of the Code of Federal Regulations, is amended as set forth below:

Part 123 - Licenses for the Export of Defense Articles

1. The authority citation for part 123 continues to read as follows:

Authority: Secs. 2 and 38, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778); E.O. 11958, 42 FR 4311, 3 CFR 1977 Comp. 79; 22 U.S.C. 2658.

2. A new Section 123.27 is added to read as follows:

Section 123.27 Temporary Export for Personal Use of Category XIII(b) (1) Cryptographic Products.

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(a) District Directors of Customs may permit a U.S. citizen or a U.S. person who is a lawful permanent resident as defined by 8 U.S.C. 1101(a)(20) to temporarily export from the United States without a license not more than one each of any unclassified Category XIII(b)(1) cryptographic hardware product and not more than a single copy of each type of unclassified Category XIII(b)(1) cryptographic software product provided that:

(1) The software product(s) are to be used only on a simultaneously temporarily exported Category XIII(b)(1) hardware product or a simultaneously exported item on the Commerce Control List (CCL); and,

(2) The cryptographic products covered by Category XIII(b)(1) are not destined for export to a destination listed in Section 126.1 of the ITAR which is prohibited by a United Nations Security Council Resolution or to which the export (or for which the issuance of a license for the export) would be prohibited by a U.S. statute ^(e.g., by Section 40 of the Arms Export Control Act) ~~including to~~ ^{currently} ~~Iran~~ countries that have been determined to have repeatedly provided support for acts of international terrorism, ^{including} Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria); and,

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(3) The encryption products remain in the possession of the exporting person or the possession of another U.S. citizen or lawful permanent resident traveling with him/her, are for their exclusive use and not for copying, demonstration, marketing, sale, re-export or transfer of ownership or control. The export of cryptographic products identified in Category XIII(b) (1) in any other circumstances, for example, those in which a person contemplates sales, marketing, or demonstration must be licensed in accordance with policies and procedures established in this subchapter; and

Note: Special Definition. For purposes of this subparagraph, a product is considered to be in the possession of the exporter if:

(a) the exporter takes normal precautions to ensure the security of the products(s) by locking the products in a hotel room, safe, or other comparably secure location; and

(b) while in transit, the exporter keeps the product in his/her carry-on luggage or locked in baggage accompanying the exporter which has been checked with the carrier.

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(4) At the time of export from the U.S. and import into the U.S., the cryptographic products are with the individual's accompanying baggage or effects. They may not be exported or imported in unaccompanied baggage, mailed or transmitted by any other means (e.g., electronically); and, the cryptographic products must be returned to the U.S. at the completion of the stay abroad; and

(5) The exporter, upon request of a U.S. Customs officer, will submit the products to inspection at the time of export and/or import.

(b) Use of this exemption requires the exporter, in lieu of filing a Shippers' Export Declaration, to maintain, for a period of 5 years from the date of each temporary export, a record of that temporary export and the subsequent import. Included in this record must be a self certification that the individual complied with the conditions of Section 123.27(a) of the International Traffic in Arms Regulations and a self certification that he/she has no reason to believe that any of the temporarily exported cryptographic products were stolen, lost, copied, sold or otherwise compromised or transferred while abroad. The record should include the following information: A description of the

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unclassified cryptographic products; the countries entered, including the dates of entry and exit for each foreign country; and, the dates of temporary export from and subsequent import into the United States.

In any instance where a product exported under this exemption is stolen, lost, copied, sold or otherwise compromised or transferred while abroad, the exporting person must, within 10 days of his/her return to the United States, report the incident to the Department of State, Office of Defense Trade Controls, Washington D.C. 20520-0602. Also, any person who knows or has reason to know that cryptographic products exported under this exemption are being transferred, exported, or used for any other activity which must be licensed or otherwise authorized in writing by the Department of State, should immediately inform the Department of State, Office of Defense Trade Controls, Washington D.C. 20520-0602.

Part 126 - GENERAL POLICIES AND PROVISIONS

1. The authority citation for part 126 continues to read as follows:

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Authority: Secs. 2, 38, 40, 42 and 71, Arms Export Control Act, Pub.L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2780, 2791 and 2797); E.O. 11958, 41 FR 4311; E.O. 11322, 32 FR 119; 22 U.S.C. 2658; 22 U.S.C. 287c; E.O. 12918, 59 FR 28205.

2. Section 126.1 Prohibited exports and sales to certain countries.

Section 126.1(a) is amended to add at the end of the second paragraph the following sentence:

(a)*****. With regard to Section 123.27 the exemption does not apply with respect to articles originating in or for export to countries prohibited by a United Nations Security Council Resolution or to which the export (or for which the issuance of a license for the export) would be prohibited by a U.S. statute ^(e.g., by Section 40 of the Arms Export Control Act) including to countries that have been determined to have repeatedly provided support for acts of international terrorism (i.e. Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria).

22 U.S.C. 2770,

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17 November 1997 Lynn E. Davis

Date

Lynn E. Davis

Under Secretary for

Arms Control and

International Security Affairs

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PAGE 01 NEW DE 09048 071149Z
ACTION NEA-01

INFO LOG-00 AMAD-01 CIAE-00 C-01 DODE-00 DS-00 EUR-01
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PM-01 PRS-01 P-01 RP-10 SCT-03 SP-01 SS-01
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R 071148Z MAY 92
FM AMEMBASSY NEW DELHI
TO USIA WASHDC 0950
INFO SECSTATE WASHDC 8132

UNCLAS NEW DELHI 09048

DEPARTMENT OF STATE
X RELEASE

IS, FPC/CDR

Date

2/25/97

itions

TS authority to

USIA

USIA FOR P/G-LEVENTHAL, NEA

STATE FOR INR/AMR, NEA/INS

E.O. 12356: N/A

TAGS: KAMR PROP

SUBJECT: DISINFORMATION: NATO HAND IN PALME MURDER

1. SUMMARY: ON MAY 5, THE BOMBAY EDITION OF THE
INDEPENDENT DAILY "INDIAN EXPRESS" AND INDEPENDENT
BOMBAY DAILY "FREE PRESS JOURNAL" CARRIED A
STOCKHOLM-DATELINED UNITED NEWS OF INDIA (UNI) STORY
ALLEGING THAT NATO'S SUPER SECRET UNDERCOVER AGENCY,
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PAGE 02 NEW DE 09048 071149Z

SOPS, HAD BEEN INVOLVED IN THE MURDER OF SWEDISH PRIME
MINISTER OLOF PALME. THE UNI STORY WAS BASED ON A
REPORT THAT HAD APPEARED IN THE SWEDISH DAILY "DAGENS
NYHETER." THE STORY ALSO SAID THAT THE SWEDISH DAILY
HAD ACCUSED AN EX-CIA AGENT, OSWALD LEWINTER OF BEING
THE BRAIN BEHIND THE ASSASSINATION. END SUMMARY

2. THE TEXT OF "FREE PRESS JOURNAL" REPORT FOLLOWS:

---(BEGIN QUOTE) "A REPORT IN THE SWEDISH DAILY "DAGENS

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NYHETER" HAS ACCUSED NATO'S SUPER SECRET UNDERCOVER AGENCY OF ASSASSINATING SWEDISH PRIME MINISTER OLOF PALME SIX YEARS AGO, REPORTS UNI.

3. "THE REPORT SIGNED BY GNRAIN BACKERUS SAYS THE BASIC MOTIVE FOR THE NORTH ATLANTIC TREATY ORGANIZATION'S INVOLVEMENT IN THE FEB. 28 ASSASSINATION WAS PALME'S PLANNED VISIT TO MOSCOW IN SPRING.

4. "THE REPORT HAS IDENTIFIED THE NATO BODY AS SOPS-SPECIAL OPERATIONS PLANNING STAFF- WHICH FORMS PART OF ACC OR ALLIED CLANDESTINE COMMITTEE. A SORT OF UMBRELLA ORGANIZATION FOR THE SECRET SERVICES OF NATO COUNTRIES.

5. "A THIRD OUTFIT KNOWN AS THE ITAC - INTELLIGENCE TACTICAL ASSESSMENT CENTER - ASSISTS SOPS WITH INFORMATION AND OPERATIONAL SUPPORT.

6. "THE REPORT COMES IN THE WAKE OF A NUMBER OF CONTROVERSIAL THEORIES ADVANCED BY BOTH OFFICIAL AND NONOFFICIAL AGENCIES.

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7. "ACCORDING TO THE REPORT, SOMETIME DURING THE SUMMER OF 1985, PALME WAS APPARENTLY EXTENDED AN INFORMAL INVITATION TO MEET SOVIET LEADER MIKHAIL GORBACHEV. PALME ANNOUNCED HIS PLANS TO VISIT MOSCOW...(AND) DREW UP A PRELIMINARY AGENDA FOR THE MEETING.

8. "ACCORDING TO THE UNDERCOVER SOURCES, ONE OF THE POINTS IN AGENDA WAS THE QUESTION OF SOVIET GUARANTEES FOR A NEUTRAL NORDIC REGION IN AN ATOMIC (NUCLEAR) FREE ZONE OR IN OTHER WORDS, A NORDIC REGION IN WHICH DENMARK AND NORWAY WOULD HAVE ABANDONED NATO.

9. "NATO REPORTEDLY LEARNT ABOUT THE AGENDA THROUGH A LEAK IN THE CABINET COMMITTEE. DURING VARIOUS SESSIONS OF THE ACC/SOPS THE PLOT IS SAID TO HAVE BEEN HATCHED. THE FINAL PLANS FOR THE ASSASSINATION, THE REPORT SAYS, MATURED BY DECEMBER 1985. ACCORDING TO AN APPARENTLY FALSIFIED DOCUMENT THAT THE DAILY HAD EXAMINED, A CERTAIN SWEDISH CITIZEN WAS ASSIGNED TO RECRUIT A HIT MAN IN BEIRUT. THE OPERATION WAS CODENAMED 'TREE'.

10. "THE REPORT SAYS THE DELEGATES OF ACC/SOPS MEET REGULARLY EVERY MONTH IN DIFFERENT EUROPEAN CAPITALS.

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THE HEADQUARTERS ARE REPORTEDLY BASED IN BRUSSELS....

11. "EVEN A SOURCE WITHIN THE SWEDISH MILITARY UNDERCOVER SERVICE IS REPORTED TO HAVE ADMITTED ACC/SOPS CONNECTION. THE REPORT...HAS ACCUSED AN EX-CIA AGENT, OSWALD LEWINTER ALIAS IBRAHIM RAZIN, OF BEING THE MASTER BRAIN OF THE ASSASSINATION.

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12. "ACCORDING TO AVAILABLE EVIDENCE, HE ALSO SERVED AS CHIEF OF ITAC IN 1984. RAZIN HAD OPENLY ADMITTED IN 1988, THAT HE PARTICIPATED IN A DISINFORMATION CAMPAIGN AIMED AT HIDING REAGAN'S AND BUSH'S INVOLVEMENT IN WHAT HAS COME TO BE KNOWN AS 'OCTOBER SURPRISE'. THIS WAS AN OPERATION DIRECTED TO HINDER THE RELEASE OF AMERICAN HOSTAGES IN IRAN AS LONG AS JIMMY CARTER CONTINUED AS AMERICAN PRESIDENT." (END QUOTE) DACHI

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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PAGE 01 STOCKH 01789 081428Z
ACTION SCT-02

INFO LOG-00 ADS-00 INR-10 EUR-00 CIAE-00 NEA-04 NSAE-00
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FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0054

UNCLAS STOCKHOLM 01789

DEPARTMENT OF STATE
RELEASE

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IS/PC/COR

Date: 2-25-197

S/CT FOR WHARTON

E.O. 12356: N/A
TAGS: PTER, SW
SUBJECT: SWEDEN: 1987 ANNUAL TERRORISM REPORT

CLASSIFICATION _____ TS authority to
PA _____ SPECIFY as () S or
_____ UPGRADE TS to () S or

REF: A) STATE 42378; B) 87 STOCKHOLM 9310

1. SWEDEN.

2. SWEDEN DOES NOT SUPPORT INTERNATIONAL TERRORISM NOR HAS IT HELD TRIALS OF INTERNATIONAL TERRORISTS DURING 1987. IN DECEMBER 1987, SWEDEN RELEASED FROM PRISON AND DEPORTED CROATIAN TERRORIST MIRO BAREVIC TO PARAGUAY. BAREVIC HAD SPENT NINE YEARS IN SWEDISH PRISONS FOR THE MURDER OF THE YUGOSLAV AMBASSADOR TO SWEDEN IN 1971. SINCE SWEDISH LAW PROHIBITS DEPORTATION THAT RISKS A DEATH PENALTY, SWEDEN SOUGHT A COUNTRY TO RECEIVE HIM WHEN HE WAS PAROLED FROM PRISON AFTER HAVING SERVED HALF OF HIS 18-YEAR SENTENCE. PARAGUAY AGREED TO ACCEPT HIM. (FURTHER DETAILS IN REF B.)

3. SWEDEN HAS TRADITIONALLY PRIDED ITSELF ON PROVIDING REFUGE AND ASYLUM TO INDIVIDUALS WHO MIGHT BE SUBJECT
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TO ARREST OR PERSECUTION IN THEIR NATIVE COUNTRIES. AS A RESULT, INDIVIDUALS PERSONALLY SUPPORTIVE OF ACTIVE GUERRILLA ORGANIZATIONS, E.G. SENDERO LUMINOSO IN PERU, MUJAHEDIN-E-KHALQ IN IRAN, PLO SUPPORTERS FROM A NUMBER OF ARAB COUNTRIES, ETC., RESIDE IN SWEDEN. SUCH

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INDIVIDUALS ARE FREE TO EXPRESS THEIR VIEWS AND SUPPORT FOREIGN ANTI-GOVERNMENT ORGANIZATIONS SO LONG AS THEY DO NOT VIOLATE SWEDISH LAWS. THE PLO AND THE ANC HAVE INFORMATION OFFICES IN SWEDEN BUT DO NOT ENJOY DIPLOMATIC OR QUASI-DIPLOMATIC STATUS. SWEDEN HAS DECLARED THE KURDISH WORKERS PARTY TO BE A TERRORIST ORGANIZATION. MEMBERS OF THAT ORGANIZATION HAVE NOT BEEN EXPELLED FROM SWEDEN SINCE THEY MIGHT BE EXECUTED IF RETURNED TO THEIR NATIVE COUNTRIES. HOWEVER, THEIR ACTIONS ARE CLOSELY MONITORED BY SWEDISH OFFICIALS.

4. THE 1986 ASSASSINATION OF PRIME MINISTER OLOF PALME REMAINS UNSOLVED. THERE HAVE BEEN A VARIETY OF HYPOTHESES PUT FORWARD ABOUT THE IDENTITY OF PALME'S MURDERERS. THESE RANGE FROM SWEDISH CITIZENS, EITHER DERANGED OR POLITICALLY MOTIVATED, TO FOREIGN GROUPS DISSATISFIED WITH PALME'S POLICIES. LOCAL POLICE AUTHORITIES CONTINUE TO FOLLOW A WIDE VARIETY OF LEADS. NEWELL

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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PAGE 01 STOCKH 09147 031528Z
ACTION EUR-00

INFO LOG-00 COPY-01 ADS-00 INR-10 SS-00 CIAE-00 DODE-00
IO-19 NEA-06 NSCE-00 NSAE-00 HA-09 PA-01 INRE-00
USIE-00 SP-02 PRS-01 P-02 /051W
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P 031527Z DEC 87
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC PRIORITY 9017
INFO USMISSION USUN NEW YORK PRIORITY
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK

DEPARTMENT OF STATE

RELEASE

Date 2/25/97

TS authority to

CLASSIFY as () S or
DOWNGRADE TS to () S or

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E.O.12356: N/A
TAGS: PREL, MASS, MCAP, SW
SUBJECT: SWEDISH REACTION TO "60 MINUTES" ARTICLE
- ON OLOF PALME'S DEATH

1. SUMMARY: SWEDISH MEDIA HAS REPORTED THAT THE CBS NEWS PROGRAM "60 MINUTES" BROADCAST AN ARTICLE ON SUNDAY, NOVEMBER 29, ALLEGING THAT BOFORS ARMS DEALS WITH IRAN MAY HAVE BEEN THE REASON BEHIND THE FEBRUARY 1986 ASSASSINATION IN STOCKHOLM OF SWEDISH PRIME MINISTER OLOF PALME. SWEDISH DIPLOMAT AND FORMER CLOSE PALME ASSOCIATE JAN ELIASSON DENIED REPORTED CLAIMS BY "60 MINUTES" REPORTER ED BRADLEY THAT PALME WAS INVOLVED IN ARMS DELIVERIES TO EITHER BELLIGERENT IN THE IRAN-IRAQ CONFLICT. END SUMMARY.

2. SWEDISH AFTERNOON TABLOIDS AND THE RESPECTED STOCKHOLM DAILY "DAGENS NYHETER" (DN), AMONG OTHERS, FEATURED REPORTS EARLY IN THE WEEK OF NOVEMBER 30 THAT

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THE CBS NEWS PROGRAM "60 MINUTES" HAD ALLEGED THAT OLOF PALME WAS INVOLVED IN SECRET (AND ILLEGAL) ARMS DEALS WITH IRAN. "60 MINUTES" REPORTEDLY QUOTED AN

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ANONYMOUS SWEDISH DIPLOMAT WHO CLAIMED TO HAVE TRAVELED WITH PALME AS CLAIMING THAT PALME NOT ONLY KNEW ABOUT BOFORS ARMS SALES TO IRAN, BUT ALSO ACTIVELY PARTICIPATED IN THEM. PALME'S LATER DECISION TO HALT THE ARMS TRAFFIC WITH IRAN MAY HAVE BEEN THE MOTIVE FOR HIS MURDER, AN EXILED IRANIAN JOURNALIST WAS REPORTED TO HAVE CLAIMED.

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3. FORMER SWEDISH MFA POLITICAL DIRECTOR (AND SWEDISH UN PERMREP-DESIGNATE) JAN ELIASSON TOLD THE NEWS AGENCY "TT" THAT HE "WAS THE ONLY SWEDISH DIPLOMAT WHO ACCOMPANIED OLOF PALME ON HIS UN MEDIATION TRIPS TO IRAN." ELIASSON CATEGORICALLY DENIED THAT PALME ASSISTED IN ARMS DELIVERIES TO EITHER PARTY IN THE WAR.

4. COMMENT: ALLEGATIONS THAT PALME WAS KILLED BY VENGEFUL IRANIANS FOR SHUTTING OFF THE SWEDISH ARMS FLOW ARE NOT NEW. THEY, ALONG WITH SEVERAL DOZEN OTHER THEORIES, HAVE BEEN AIRED REPEATEDLY IN THE SWEDISH PRESS IN THE NEARLY TWO YEARS SINCE PALME DIED. SO FAR, HOWEVER, JUDGING FROM INFORMATION AVAILABLE PUBLICLY, THE POLICE ARE NO CLOSER TO SOLVING THE PALME MURDER CASE THAN THEY EVER WERE. END COMMENT. NEWELL

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*** Current Classification *** ~~LIMITED OFFICIAL USE~~

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PAGE 01 MANAGU 02769 01 OF 02 280045Z
ACTION ARA-00

INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 SS-00 CIAE-00
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O 280031Z APR 87
FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC IMMEDIATE 6113
INFO AMEMBASSY STOCKHOLM
USCINCSO QUARRY HTS PN
USIA WASHDC 9083
USLO CARIBBEAN
24 COMPM/DOI
USCINCLANT NORFOLK VA

DEPARTMENT OF STATE
RELEASE

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Date: 2/25/97

Actions

TS authority to

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UNCLAS SECTION 01 OF 02 MANAGUA 02769

E.O. 12356: N/A
TAGS: PREL NU SW, PROP
SUBJ: SANDINISTA LINE ON OLOF PALME'S MURDER

1. ATTENDANCE BY OLOF PALME'S WIDOW AT THE APRIL 26 INAUGURATION OF THE GON CONFERENCE HALL NAMED AFTER HER HUSBAND FORMED THE OCCASION FOR INNUENDOS BY DANIEL ORTEGA ABOUT RESPONSIBILITY FOR PALME'S MURDER. THOUGH THE HEADLINES AND STORIES WERE FILLED WITH THE BUILDING INAUGURATION, FSLN DAILY BARRICAADA HAD ORTEGA SAYING THAT "THOSE WHO ASSASSINATED PALME DID SO BECAUSE HE WAS AN OBSTACLE TO WARLIKE POLICY AND 'THEY WERE HAPPY WITH HIS DEATH'." A CODEL STAFF MEMBER WHO WAS PRESENT AT THE CEREMONY SAID ORTEGA WENT FURTHER THAN THAT, BUT WITHOUT ACTUALLY ACCUSING THE USG.

2. A RECENT SANDINISTA FRONT GROUP PUBLICATION WAS
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MORE SPECIFIC THAN ORTEGA, CHARGING THAT THE CIA

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CONSPIRED TO KILL PALME TO COVER UP "CONTRA-GATE."
AN ENGLISH-SPANISH MAGAZINE CALLED "SOBERANIA,"
PUBLISHED BY THE ANTI-IMPERIALIST TRIBUNAL OF OUR
AMERICA (TANA), HEADQUARTERED IN MANAGUA, HIT THE
NEWSSTANDS APRIL 25. THE FOLLOWING ARE EXCERPTS FROM THE
ARTICLE:

"ONE YEAR AFTER THE MURDER OF SWEDISH PRIME MINISTER, OLOF
PALME, THE CRIME IS STILL UNSOLVED. THE MATERIAL
AUTHOR, THE "LONE" ASSASSIN WHO FIRED TWICE AT POINT
BLANK RANGE AS PALME LEFT A CINEMA IN STOCKHOLM, IS
STILL UNKNOWN AND AT LARGE.

"OVER THE LAST TWELVE MONTHS A LOT HAS BEEN SAID BUT
LITTLE HAS BEEN DONE. HOWEVER, POLITICAL ANALYSTS
FROM DIFFERENT PARTS OF THE WORLD ARE IN AGREEMENT IN
POINTING TO THE CENTRAL INTELLIGENCE AGENCY OF THE UNITED
STATES AS BEING RESPONSIBLE FOR THE ASSASSINATION OF
THIS GREAT MAN.

"ACCORDING TO SWEDISH GOVERNMENT OFFICERS, SINCE 1985
PALME HAD BEEN HEADING UP AN INVESTIGATION THAT WAS
LEADING TO THE REVELATION OF THE ORIGINS OF WHAT HAS
SINCE BECOME KNOWN AS "CONTRA-GATE."

"IN OCTOBER 1986, THE SWEDISH PREMIER ORDERED AN
INVESTIGATION INTO THE WEAPONS MANUFACTURER, BOFORS,
TO SEE WHAT THEY HAD TO DO WITH ILLEGAL ARMS TRAFFIC
TO IRAN. THIS ACTION PUT PALME ON THE TRAIL OF WHAT
WOULD LEAD TO IMPLICATING THE U.S. ADMINISTRATION
IN THE CLANDESTINE PROVISIONING OF ARMS TO THAT COUNTRY.
HE FOUND OUT PREMATURELY ABOUT THE CLUES WHICH WOULD
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RESULT IN THE GREATEST POLITICAL SCANDAL IN THE U.S.
SINCE WATERGATE. LIKEWISE, THE FURTHERING OF THE
JUDICIAL INVESTIGATION PUT HIM IN THE KNOW ABOUT THE
DESTINATION OF THE U.S. PROFITS COMING FROM THE ARMS
TRAFFICKING: THE NICARAGUAN COUNTERREVOLUTION.

"THE SENSITIVITY OF THE INVESTIGATION, WITHOUT
A DOUBT, PLACED THE U.S. ADMINISTRATION IN SERIOUS DANGER
AND THEY SPARED NO EXPENSE IN TRYING TO STOP THE
REVELATION OF UNQUESTIONABLE PROOFS OF THEIR GUILT. IN

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THE FIRST PLACE, PALME, THE POLITICIAN WHO COULD HAVE MADE USE OF THE INFORMATION, FELL VICTIM. MONTHS LATER, KARL ALGERYON, THE OFFICER APPOINTED BY THE PRIME MINISTER TO LEAD THE INQUIRY, WAS KILLED BENEATH THE WHEELS OF THE STOCKHOLM SUBWAY IN FRONT OF WITNESSES.

"THE CENTRAL INTELLIGENCE AGENCY, AIDED BY A EUROPEAN SECRET SERVICE, WHICH APPEARS TO BE THE BND OF WEST GERMANY, AND BY AN ULTRA-SECRET GROUP IN CHARGE OF THIS KIND OF OPERATION, -COORDINATED MORE THAN A THING OR TWO IN ORDER TO ASSASSINATE PALME.

"THE EXISTENCE OF THIS 'ULTRA-SECRET GROUP' IS NOT SOME INVENTION OF AN OVERWORKED IMAGINATION. IT HAS BEEN IN THE U.S. ITSELF IN A LEGAL SUIT AGAINST THE REAGAN ADMINISTRATION BROUGHT FORWARD IN THE STATE OF FLORIDA BY THE LAWYER DANIEL SHEEHAN OF THE CHRISTIE INSTITUTE. IN THAT SUIT, EX-OFFICER OF THE CIA, TED SHACKLEY, IS LINKED TO AN ASSASSINATIONS OPERATIONS UNIT WHOSE ROOTS GO BACK TO THE START OF THE 70'S. IT IS IMPLICATED IN THE PRESENT CASE OF THE SUPPLYING OF ARMS TO IRAN.

"MEMBERS OF THE 'BAADER-MEINHOF', WITH ALL THE NECESSARY

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 6114

INFO AMEMBASSY STOCKHOLM

USCINCSO QUARRY HTS PN

USIA WASHDC 9084

USLO CARIBBEAN

24 COMPW/DOI

USCINCLANT NORFOLK VA

UNCLAS SECTION 02 OF 02 MANAGUA 02769

E.O. 12356: N/A

TAGS: PREL NU SW, PROP

SUBJ: SANDINISTA LINE ON OLOF PALME'S MURDER

INTELLIGENCE, CARRIED OUT THE PLAN WHICH RESULTED IN
THE DEATH OF THE SWEDISH PRIME MINISTER."
BERGOLD

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Date Printed: 10/15/1996

DOC NUMBER: 07 STOCKH01269

CHANNEL: n/a

FileName : ...ext/t87031/aaaaaaucl.tel

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PAGE 01 STOCKH 02269 01 OF 02 311546Z
ACTION EUR-00

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CIAE-00 H-01 IO-19 NEA-07 ARA-00 NSAE-00 L-03
PM-10 EAP-00 PA-02 OES-09 ACDA-12 USIE-00 SP-02
DOEE-00 SNP-01 PRS-01 SARN-01 SDEL-03 SART-01 /085 W
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R 311535Z MAR 87
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 6416
INFO GULF WAR COLLECTIVE
AMEMBASSY SINGAPORE
SECDEF WASHDC
DIA WASHDC//OA4//
USCINCEUR VAIHINGEN GE

DEPARTMENT OF STATE
X RELEASE

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Date: 2/25/97

TS authority to

Classify as () S or
Downgrade TS to () S or

UNCLAS SECTION 01 OF 02 STOCKHOLM 02269

E.O. 12356: N/A
TAGS: ETTC, ETRD, MASS, SW
SUBJECT: SWEDISH ARMS EXPORTS IN QUESTION

REF: STOCKHOLM 1801

1. SUMMARY. A RECENT FLURRY OF ACCUSATIONS OF GUN-RUNNING TO PROSCRIBED COUNTRIES IN THE MIDDLE AND FAR EAST AGAINST THE BOFORS CORPORATION AND THE NOBEL KEMI EXPLOSIVES FIRM, BOTH SUBSIDIARIES OF THE NOBEL INDUSTRIES GROUP, CAME TO AN INTERIM HEAD ON MARCH 30 WHEN GROUP TOP EXECUTIVES ADMITTED PUBLICLY THAT SOME OF THEIR COMPANIES HAD CONTRAVENED SWEDISH ARMS EXPORT LEGISLATION. A WHOLE ARSENAL OF INVESTGATIONS ARE UNDER WAY, AND A PEOPLE'S COMMISSION HAS BEEN SET UP TO THROW LIGHT ON THE GAMUT OF SWEDISH ARMS EXPORTS. POLITICIANS ARE ALREADY DEMANDING A CLAMPDOWN ON THESE EXPORTS, AND IT IS LIKELY THAT THEY WILL EVENTUALLY GET THEIR WAY, WHICH DOES NOT BODE WELL FOR SWEDEN'S DEFENSE INDUSTRY.
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END SUMMARY.

NOBEL/BOFORS IN HOT WATER

2. "I'M GETTING SO TIRED OF ARMS EXPORTS, THE PALME PROBE, THE WINTER, ETC., THAT I'M BEGINNING TO LONG FOR AN HONEST OLD SUBMARINE INTRUSION," WROTE A SWEDISH CARTOONIST RECENTLY.

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3. ALMOST EVERY DAY IN THE PAST MONTH, THE NOBEL INDUSTRIES GROUP, TO WHICH THE BOFORS ORDNANCE AND THE NOBEL KEMI EXPLOSIVES FIRMS BELONG, HAS BEEN UNDER FIRE FROM THE MEDIA FOR NEW ALLEGED CONTRAVENTIONS OF SWEDEN'S ARMS EXPORT LEGISLATION. JOURNALISTS HERE ARE NOW BURROWING LIKE MOLES AS IF TO REPAIR THEIR OMISSIONS IN THE PALME ASSASSINATION AND THE FERMENTA SCANDAL. ARMS EXPORT CASES ARE BEING INVESTIGATED BY THE CUSTOMS AND THE FEDERAL POLICE, AND ALL WILL IN TIME PASS INTO THE HANDS OF PROSECUTOR STIG L. AGE, WHO WILL DECIDE WHETHER OR NOT TO PROSECUTE. NEW DISCLOSURES AND NEW ACCUSATIONS HAVE DELAYED HIS WORK EVER SINCE IT STARTED IN IN THE FALL OF 1984. HIS FINDINGS ARE NOT EXPECTED BEFORE THE SUMMER.

TRANSGRESSIONS ADMITTED

4. NONETHELESS, THINGS CAME TO AN INTERIM HEAD ON MARCH 30 WHEN THE MANAGEMENT OF NOBEL INDUSTRIES, WISHING TO CLEAR THE AIR AT LEAST SOMEWHAT, PUBLICLY ADMITTED THAT COMPANIES WITHIN THE GROUP HAVE KNOWINGLY CONTRAVENED SWEDISH ARMS EXPORT LEGISLATION ON SEVERAL OCCASIONS (AMONG THEM THE REEXPORT OF MORE THAN 300 UNITS OF THE BOFORS RBS 70 MISSILE SYSTEM TO BAHRAIN AND DUBAI VIA A

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SINGAPORE MIDDLEMAN, UNICORN INTERNATIONAL, BEGINNING IN 1979; AND THE SALE OF EXPLOSIVES TO MIDDLE EAST COUNTRIES VIA MIDDLEMEN IN EUROPE, BEGINNING IN 1984). THIS ADMISSION HAS POINTED THE FINGER AT FORMER BOFORS MANAGING DIRECTORS CLAES-ULRIK WINBERG (1972-84) AND MARTIN ARDBO (FROM 1985 UNTIL HIS RESIGNATION IN MARCH 1987). ARDBO DENIES THAT ANYTHING WRONG WAS DONE IN THE LEGAL SENSE; WINBERG HAS NOT SAID BOO PUBLICLY SINCE HE WAS FORCED TO RESIGN AS EXECUTIVE DIRECTOR OF THE EMPLOYERS' FEDERATION IN MID-1985 FOLLOWING ACCUSATIONS OF HIS INVOLVEMENT IN GUN-RUNNING, BUT HAS NOW STEPPED DOWN FROM THE BOARD OF NOBEL INDUSTRIES. NOBEL HAS ALSO ANNOUNCED THAT IT HAS STRUCK "DOUBTFUL" EXPORT TRANSACTIONS FROM ITS ORDERBOOKS WORTH ROUGHLY \$15 MILLION IN NOBEL KEMI (EXPLOSIVES) AND \$30-50 MILLION IN BOFORS (ORDNANCE), AND IS SELLING ITS 40-PERCENT SHARE IN THE ALLIED ORDNANCE COMPANY OF SINGAPORE.

5. WHETHER OR NOT WINBERG, ARDBO, AND OTHER BOFORS/NOBEL EXECUTIVES WILL ACTUALLY BE PROSECUTED REMAINS TO BE SEEN. THE LIST OF ALLEGED IRREGULARITIES INCLUDES SHIPMENTS OF THE RBS 70 MISSILE AND EXPLOSIVES TO IRAN; NAVAL ORDNANCE TO TAIWAN; EXPLOSIVES TO EAST GERMANY VIA AUSTRIA; AA AMMUNITION TO OMAN VIA ITALY; BOFORS GUNS TO THAILAND; AND BOFORS AA GUNS TO A MIDDLE

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EAST COUNTRY. (FORMER IRANIAN PRESIDENT BANISADR STATED
CATEGORICALLY IN A SWEDISH TELEVISION NEWSCAST ON MARCH
27 THAT IRAN PURCHASED RBS 70'S IN LATE 1984.)
DEATH OF WAR MATERIEL INSPECTOR

6. AN INTERESTING ASPECT WHICH HAS COME TO LIGHT IS THE
FACT THAT BOTH ARDBO AND WINBERG WERE LONG-STANDING
FRIENDS OF FORMER WAR MATERIEL INSPECTOR CARL FREDRIK

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E.O. 12356: N/A
TAGS: ETTC, ETRD, MASS, SW
SUBJECT: SWEDISH ARMS EXPORTS IN QUESTION

ALGERNON, WHO WAS KILLED IN A SUBWAY ACCIDENT ON JANUARY
15 THIS YEAR. WINBERG WAS A CLASSMATE OF ALGERNON'S AT
THE SWEDISH NAVAL ACADEMY IN THE 1940'S, WITH ARDBO
THEIR JUNIOR BY A COUPLE OF YEARS. MOREOVER, ARDBO, AT
LEAST, REMAINED A VERY CLOSE FRIEND OF ALGERNON'S SINCE

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THOSE DAYS. PRESENT CHIEF EXECUTIVE OF NOBEL INDUSTRIES, ANDERS CARLBERG, VISITED ALGERNON HALF AN HOUR BEFORE ALGERNON WAS KILLED (THE POLICE NOW BELIEVE IT WAS SUICIDE). IT IS NOW BEING ASKED: IF FORMER REAR ADMIRAL ALGERNON HAD TURNED A BLIND EYE TO BOFORS IRREGULARITIES AND HAD BEEN TOLD BY CARLBERG THAT THERE WAS PROOF OF GUILT AGAINST ALGERNON'S FRIENDS WINBERG AND ARDBO, ALGERNON, IN HIS CAPACITY AS CHIEF ARMS EXPORT CONTROLLER, COULD HAVE FOUND HIMSELF IN AN UNTENABLE SITUATION. IN THIS LIGHT, HIS TRAGIC DEATH

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TAKES ON ANOTHER DIMENSION.

CALLS TO TIGHTEN CONTROL

7. THE POLITICAL OPPOSITION IS DEMANDING TIGHTER CONTROL AND STRICTER CHOICE OF THE COUNTRIES TO WHICH SWEDEN MAY SELL ARMS AND EXPLOSIVES. PRIME MINISTER INGVAR CARLSSON HAS ALREADY INTIMATED THAT THE CONTROL AGENCY, THE WAR MATERIEL INSPECTORATE, WILL BE REORGANIZED AND REINFORCED; A COMMISSION STUDYING HOW SWEDISH ORDNANCE AND EXPLOSIVES FIRMS MARKET THEIR PRODUCTS ABROAD WILL SUBMIT ITS FINDINGS SHORTLY; AND AN INDEPENDENT "PEOPLE'S" COMMISSION HAS JUST BEEN SET UP TO THROW AS MUCH LIGHT ON SWEDISH ARMS EXPORTS AS POSSIBLE. IT WILL FIRST STUDY WHAT THE ONGOING HEARINGS OF THE PARLIAMENTARY COMMITTEE ON THE CONSTITUTION ARRIVES AT. (FORMER COMMERCE MINISTERS STAFFAN BURENSTAM LINDER, HADAR CARLSSON, AND MATS HELLSTROM HAVE ALREADY BEEN QUESTIONED; FINANCE MINISTER KJELL-OLOF FELDT, WHO IN HIS CAPACITY AS COMMERCE MINISTER HAS BEEN ACCUSED BY A LOCAL TRUCKER OF KNOWINGLY ALLOWING EXPLOSIVES TO BE EXPORTED TO A MIDDLE EAST COUNTRY IN 1973, HAS BEEN ASKED TO SUBMIT A STATEMENT; AND MANY OTHERS WILL BE HEARD.) THEN THE COMMISSION WILL LOOK AT WHAT THE POLICE HAVE CONCLUDED, AND, PRIME MINISTER CARLSSON HOPES, SUBMIT ITS REPORT WITHIN A YEAR.

SWEDEN'S DILEMMA

8. ALL THIS HAS BEEN A RUDE AWAKENING FOR PEACE-LOVING ALLIANCE-FREE SWEDEN AND HAS AGAIN HIGHLIGHTED THE COUNTRY'S ARMS EXPORTS DILEMMA. A CONSENSUS BELIEVES THAT SWEDISH NEUTRALITY MUST REST ON A STRONG ARMED DEFENSE. INTERNATIONAL BELIEF IN THIS DEFENSE, IN TURN,

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REQUIRES THAT SWEDEN ITSELF DEVELOPS AND MANUFACTURES MOST OF ITS WEAPONS. TO DO THIS ECONOMICALLY, THE PARLIAMENT HAS ALLOWED THE COUNTRY'S ARMS MANUFACTURERS TO EXPORT SOME OF THEIR PRODUCTS TO COUNTRIES WHICH CAN BE EXPECTED NOT TO ACTUALLY USE THEM, ISSUING EXPORT PERMITS IN THE INDIVIDUAL CASE. THE CHARGES OF PAST YEARS, THE FACT THAT TINY SINGAPORE IS THE LARGEST RECIPIENT OF SWEDISH ARMS AND AMMUNITION DURING THE PERIOD 1977-86, AND THE RECENT NOBEL ADMISSIONS OF AT LEAST SOME GUILT ARE BOUND TO BRING CHANGE. DOWN THE END OF THE TUNNEL ONE CAN DISCERN TIGHTER CONTROLS, RESTRAINED EXPORTS, A WEAKER SWEDISH DEFENSE INDUSTRY BASE, GREATER SWEDISH DEFENSE DEPENDENCE ON FOREIGN SUPPLIERS, AND LESS INTERNATIONAL CREDENCE IN SWEDEN'S NEUTRALITY. BUT ALL THAT LIES IN THE FUTURE. IN THE MEANTIME, THE COUNTRY AWAITS THE NEXT EXCITING INSTALLMENT. NEWELL

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MORE ARMS THAN EVER BEFORE. THE BIGGEST RECIPIENT COUNTRY IN RECENT YEARS IS SINGAPORE, A RECOGNIZED MIDDLEMAN IN THESE CONTEXTS.

4. BEGIN TEXT.

THE PAST WEEK HAS BEEN ONE OF THE MORE REMARKABLE ONES SWEDEN HAS EXPERIENCED FOR A LONG TIME. SWEDISH ARMS EXPORTS AND ALLEGED BOFORS DELIVERIES TO IRAN WERE SUDDENLY ACCORDED WHOLE-PAGE SPREADS IN THE PRESS. WHAT TRIGGERED THIS WAS AN ARTICLE IN THE NEW YORK TIMES BY RICHARD REEVES WHICH SAW A CONNECTION BETWEEN THE ASSASSINATION OF OLOF PALME AND SWEDISH ARMS SALES TO IRAN.

5. YET NO NEW IMPORTANT FACTS WERE DIVULGED. FOR THE MOST PART THE ARTICLE WAS A REPETITION OF OLD ALLEGATIONS. THE NOTION THAT IRAN MIGHT HAVE THE BOFORS PRODUCT RBS-70 (A LASER-GUIDED SURFACE-TO-AIR MISSILE) HAS BEEN CIRCULATING FOR SOME TIME WITHOUT ATTRACTING VERY MUCH ATTENTION. BOFORS HAS DENIED THE ACCUSATION AND IRAN AND THE (SWEDISH) GOVERNMENT HAVE REFERRED TO ONGOING INVESTIGATIONS.

6. THE FEDERAL POLICE HAVE BEEN INVESTIGATING SUSPECTED UNCLASSIFIED

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ILLEGAL ARMS EXPORTS SINCE MARCH 1985, AND THE CUSTOMS' CRIME DIVISION HAS BEEN INVESTIGATING CERTAIN EXPLOSIVES EXPORTS SINCE OCTOBER 1984. THE DIRECTOR OF THE PRELIMINARY INVESTIGATIONS IN BOTH CASES IS OREBRO COUNTY PROSECUTOR STIG AGE. IN ADDITION, THE WAR MATERIEL INSPECTORATE HAS BEEN CONDUCTING AN INVESTIGATION DURING THE PAST MONTH INTO BOFORS' MISSILE PRODUCTION AND SALES.

7. THE FLURRY CAUSED BY REEVES' ARTICLE WAS INTENSIFIED BY DANISH SEAMEN'S UNION BOSS PREBEN MÖLLER HANSEN, WHO HAD PREVIOUSLY REVEALED ARMS SMUGGLING TO SOUTH AFRICA AND U.S. ARMS DELIVERIES FROM ISRAEL TO IRAN, AND WAS NOW ASSERTING HE HAD EVIDENCE THAT SWEDISH WEAPONS, WITH THE KNOWLEDGE OF MEMBERS OF THE CABINET, HAD ALSO GONE TO IRAN. NO EVIDENCE WAS PRESENTED LAST WEEK, HOWEVER.

DENIALS

8. THIS BROUGHT HOT DENIALS FROM PRIME MINISTER INGVAR CARLSSON. HE GUARANTEED THAT BOTH THE PRESENT GOVERNMENT AND ALSO THE EARLIER NON-SOCIALIST GOVERNMENTS HAD NO KNOWLEDGE OF ILLEGAL ARMS OR EXPLOSIVES DELIVERIES.

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9. SO AN AMERICAN JOURNALIST AND A DANISH UNION BOSS HAVE DISTURBED THE WATERS OF THE SWEDISH DUCKPOND. THE SWEDISH MEDIA BEGAN TO DRAW PARALLELS WITH THE U.S.'S SECRET ARMS DELIVERIES TO IRAN. THERE WAS EVEN SPECULATION OF A SWEDISH WATERGATE, IN WHICH POLITICIANS OF ALL SHADES WERE COVERING UP FOR ONE ANOTHER TO STOP THE TRUTH FROM EMERGING.

10. THE GENERAL ATMOSPHERE IN SWEDEN HAS CHANGED TO THE

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EXTENT THAT WE ARE NOW BEGINNING TO BE RECEPTIVE TO SPECULATIONS OF THIS TYPE. THE COUNTRY HAS BEEN HIT BY A SERIES OF SCANDALS AOART FROM THE BOFORS BUSINESS, SETBACKS IN WHICH ESTABLISHED CONTROL MECHANISMS AND SYSTEMS HAVE PROVED NOT TO WORK. WE CAN'T FIND SUBMARINES THAT ARE ALLEGED TO EXIST; OLOF PALME'S ASSASSIN IS AT LARGE DESPITE HUGE EXERTIONS BY THE POLICE; THE FERMENTA SCANDAL HAS REVEALED STARTLING SHORTCOMINGS IN THE WAY OUR BUSINESS SECTOR OPERATES;

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THE FINANCIAL SCANDAL IN STOCKHOLM CITY HALL HAS PUT
DUNCE CAPS ON OUR LOCAL POLITICIANS.

11. COMMON TO ALL THESE CONCERNS IS THAT INVESTIGATING
JOURNALISTS DO NOT HAVE MUCH TO BE PROUD ABOUT. THERE
HAS BEEN HEAVY CRITICISM OF PARTS OF THE PROFESSION FOR
IRRESOLUTION AND CREDULITY TOWARD THOSE IN POWER. THIS
IS TRUE OF CRIME REPORTERS, POLITICAL AND ECONOMIC
JOURNALISTS, AND MUNICIPAL REPORTERS ALIKE.

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12. PERHAPS LAST WEEK'S FOCUS ON THE BOFORS BUSINESS IS
A KIND OF REVENGE ON THE PART OF NEWSMEN WHO WERE AFRAID
OF MISSING YET ANOTHER TRAIN. THE POT WAS STIRRED
VIGOROUSLY, BUT WHEN NO NEW FACTS WERE FORTHCOMING THE
COVERAGE DIED OUT BY ITSELF. THE ONLY REAL PIECES OF
NEWS WERE THE RESIGNATION OF BOFORS MANAGING DIRECTOR
MARTIN ARDBO AND SVENSKA DAGBLADET'S ASSERTIONS THAT
BOFORS HAD BEEN ACTIVELY MARKETING ITS PRODUCTS IN
BAHRAIN DESPITE THE BAN ON ARMS EXPORTS TO THAT COUNTRY.

13. ARDBO'S RESIGNATION REMOVES YET ANOTHER DIRECTOR
SUSPECTED OF GUN-RUNNING FROM THE EXECUTIVE ECHELON OF
NOBEL INDUSTRIES. THIS WILL MAKE IT EASIER FOR GROUP
PRESIDENT ANDERS CARLBERG AND THOSE UNDER SUSPICION TO
ACT MORE FREELY IF TAKEN TO COURT. STILL WITH THE
GROUP, HOWEVER, IS THE HEAD OF NOBEL KEMI, HANS
SIEVERTSSON, WHO IS ALSO UNDER SUSPICION OF HAVING
BROKEN THE LAW.

14. INTEREST IN ARMS EXPORTS COMES AND GOES. WHEN, IN
APRIL LAST YEAR, WITH THE ACTIVE SUPPORT OF OUR
POLITICIANS, BOFORS WON ITS JUMBO ORDER FROM INDIA FOR A
FIELD HOWITZER SYSTEM WORTH MORE THAN 1-1/4 BILLION
(WITH AN OPTION WHICH COULD DOUBLE THAT SUM), THE NEWS
WAS RECEIVED QUITE FAVORABLY.

15. JOB ASPECTS WERE STRESSED MORE THAN THE INCREASE IN
ARMS EXPORTS WHICH WILL BE A DIRECT CONSEQUENCE OF THE
DEAL. THE ORDER MEANS MUCH FOR BERGSLAGEN (EMBASSY
NOTE: THE ECONOMICALLY WEAK AREA IN CENTRAL SWEDEN WHERE
BOFORS HAS ITS MANUFACTURING FACILITIES). IT IS ONLY
LATER THAT THE POLITICIANS HAVE UNDERSTOOD THAT IT IS
GOING TO SHOW IN THE EXPORT STATISTICS. THAT IS WHY

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NOW, A YEAR LATER, THE CRY HAS GONE UP FOR A REDUCTION IN ARMS EXPORTS. IT IS AS IF POLITICIANS' LEFT HANDS DIDN'T KNOW WHAT THEIR RIGHT HANDS WERE DOING.

16. ALTHOUGH SWEDEN PRIDES ITSELF FOR HAVING THE TOUGHEST ARMS EXPORT REGULATIONS IN THE WORLD, THIS DOES NOT STOP SWEDISH EXPORTS OF ARMS FROM APPROACHING NEW RECORD LEVELS. THE INDIAN ORDER WILL MEAN THAT EXPORTS OF SWEDISH ARMS THIS YEAR WILL PROBABLY DOUBLE IN VALUE TO MORE THAN \$600 MILLION.

NEW HIGH

17. THIS WILL MEAN THAT THE WAR MATERIEL SHARE OF TOTAL SWEDISH EXPORTS WILL AGAIN APPROACH THE EARLIER RECORD FIGURES FROM THE END OF THE 1970'S, OR ABOUT 1.5 PERCENT. LAST YEAR THE SHARE WAS 0.7 PERCENT. (RICHARD REEVES' ASSERTION THAT THE SHARE SHOULD BE AROUND 5 PERCENT IS A FLIGHT OF FANCY, AT LEAST FOR THOSE WHO HAVE ANY FAITH IN OFFICIAL SWEDISH STATISTICS. NOT EVEN IF YOU INCLUDE THE ENTIRE INDIAN ORDER IN 1987 PRICES, WHICH WOULD BE WRONG SINCE IT IS TO BE SUPPLIED OVER A LONG SERIES OF YEARS, DOES THE SHARE BECOME AS HIGH AS REEVES SAYS.)

18. A MARKED INCREASE IN ARMS EXPORTS, MEASURED IN VOLUME TERMS, OCCURRED DURING THE SECOND HALF OF THE 1970'S. HOWEVER, SEVERAL CONTINGENCIES--TELUB'S MILITARY TRAINING OF LIBYANS; MTB'S TO MALAYSIA; AND THE ATTEMPTS TO SELL THE VIGGEN INTERCEPTOR AIRCRAFT TO SOME NATO COUNTRIES--CALLED ATTENTION TO ARMS EXPORTS AND FORCED THE POLITICIANS TO ACT. NEW STRICTER REGULATIONS WERE INTRODUCED IN 1983, AT THE SAME TIME AS THE EXPORT

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STATISTICS BECAME MORE OPEN.

19. SO THE EARLY EIGHTIES WERE CHARACTERIZED BY TIGHTER EXPORT REGULATIONS, WHICH MEANT THAT OUR DEFENSE INDUSTRY WAS NOT ABLE TO BENEFIT FROM THE DEVALUATIONS AND STRONGER DOLLAR AS OTHER INDUSTRIES WERE. AND THIS HAS SHOWN UP IN THE DEFENSE INDUSTRY'S PROFIT MARGINS, WHICH HAVE FALLEN IN RECENT YEARS. THIS IS PARTICULARLY TRUE OF THE TWO CORPORATIONS WITHIN THE NOBEL INDUSTRIES GROUP, I.E. BOFORS (WEAPONS) AND NOBEL KEMI (EXPLOSIVES). THE DEFENSE INDUSTRIES GROUP (FFV) AND SAAB-SCANIA HAVE ALSO SEEN THEIR PROFIT MARGINS SHRINK.

GROWING MARKET

20. AND YET THE MARKET FOR DEFENSE PRODUCTS HAS BEEN MOST FAVORABLE DURING THE EIGHTIES. THE U.S. HAS REARMED. SEVERAL PROTRACTED WARS, PARTICULARLY THAT BETWEEN IRAN AND IRAQ, HAS INCREASED THE DEMAND FOR WAR
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MATERIEL. SWEDISH INDUSTRY HAS BEEN UNABLE TO BENEFIT FROM THIS, AT LEAST NOT WITHIN THE LAW.

21. DOMESTIC ORDERS DECLINED IN THE 1970'S AS A RESULT OF THE 1972 DEFENSE PLAN, WHICH INVOLVED A CERTAIN DRAWDOWN IN THE COUNTRY'S (SWEDEN'S) DEFENSE STRENGTH. BY WAY OF COMPENSATION, OUR DEFENSE INDUSTRY WAS ALLOWED TO EXPAND ITS EXPORTS, WHICH IT DID.

22. IN THE 1980'S, THE DEFENSE INDUSTRY HAS LIVED WITH BOTH SHRINKING DOMESTIC MARKET AND TIGHTER EXPORT REGULATIONS. THE TURNING-POINT CAME IN APRIL 1986 WITH THE GIANT ORDER FROM INDIA. THIS CONFIRMED THAT THE

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DOC_NUMBER: 87STOCKH01801

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POLITICIANS HAD DONE SOME RETHINKING. THE EXPORT-ORIENTED DEFENSE INDUSTRY, ESPECIALLY BOFORS, HAD BEEN SQUEEZED SO TIGHT BY THE GOVERNMENT AND PARLIAMENT THAT IMPORTANT SECTORS OF THE CORPORATION WERE THREATENED WITH CLOSURE.

23. OLOF PALME SEEMS TO HAVE UNDERSTOOD HOW SERIOUS THE SITUATION WAS BECAUSE HE LENT MUCH ACTIVE ASSISTANCE TO BOFORS IN ITS EXPORT ENDEAVORS. THIS WAS OF DECISIVE IMPORTANCE FOR THE ORDER TO BE AWARDED TO SWEDEN. THIS ASSISTANCE WAS GIVEN IN SPITE OF THE FACT THAT SOME OF THE CORPORATION'S DEALS WERE UNDER POLICE INVESTIGATION.

24. THREE GRAPHS WITH THE FOLLOWING CAPTIONS:

--- AN INDEX OF SWEDISH ARMS EXPORTS, 1974-1987.
IN VOLUME TERMS, OUR ARMS EXPORTS GREW STRONGLY IN THE LATE 1970'S

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--- BOFORS' PROFIT MARGINS, 1977-1986.
BOFORS' PROFIT MARGINS (PRE-INTEREST PROFITS IN RELATION TO TURNOVER) HAVE FALLEN SHARPLY DURING THE 1980'S.

--- NOBEL KEMI'S PROFIT MARGINS, 1977-1986.
NOBEL KEMI'S PROFITS HAVE WEAKENED VERY CONSIDERABLY.

25. SWEDEN'S DEFENSE INDUSTRY HAS IN OTHER WORDS BEEN UNDER PRESSURE IN THE EARLY PART OF THE 1980'S AND SO IT IS NO FLUKE THAT BRINGS THE ACCUSATIONS OF GROSS SMUGGLING OF GOODS AT THIS PARTICULAR TIME, NOR THAT THEY ARE DIRECTED AT BOFORS AND NOBEL KEMI.

26. THE TWO NOBEL CORPORATIONS POSSESS WELL-ESTABLISHED SALES CHANNELS AND ARE USED TO APPEARING ON THE INTERNATIONAL STAGE, FREQUENTLY WITH AN AGGRESSIVE MARKETING STYLE. NO OTHER SWEDISH FIRMS HAVE SUCH LONG EXPERIENCE OF INTERNATIONAL ARMS SALES.

27. FFV (THE DEFENSE INDUSTRIES GROUP), WHICH IS THE OTHER LARGE EXPORT-DEPENDENT (WEAPONS) FIRM, BEGAN TO EXPORT SERIOUSLY ONLY IN THE EARLY 1970'S. FFV, A GOVERNMENT-OWNED FIRM, HAS PROCEEDED MORE CAUTIOUSLY, AND THE SWEDISH PEACE AND ARBITRATION ASSOCIATION (SVENSKA FRED- OCH SKILJEDOMSFORENINGEN), WHICH STARTED THE WHOLE BOFORS BUSINESS, HAS NOT DIRECTED ANY ACCUSATIONS AGAINST IT FOR ILLEGAL EXPORTS.

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28. THE SAME APPLIES TO THE REST OF THE DEFENSE INDUSTRY, WHICH IS CHIEFLY CONCERNED WITH THE DOMESTIC MARKET (LIKE SAAB-SCANIA, VOLVO FLYGMOTOR, AND THE KARLSKRONA AND KOCKUMS SHIPYARDS) OR SUBCONTRACTS TO

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INFO GULF WAR COLLECTIVE

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E.O. 12356: N/A
TAGS: ETTC, ETRD, MASS, SW
SUBJECT: WEAPONS EXPORTS AND SWEDISH HYPOCRISY

BOFORS (LIKE PHILIPS). IN THIS WAY, THE SWEDISH DEFENSE ORGANIZATION PAYS FOR DEVELOPMENT AND PRODUCTION. BOFORS AND FFV NEED TO EXPORT SO THAT THEIR WEAPONS SYSTEMS WILL NOT BE TOO EXPENSIVE FOR SWEDEN'S DEFENSE.

29. THE MARKET FOR WAR MATERIEL IS UNUSUAL IN THAT EXPORTS ARE SUBJECT TO SUCH STRICT CONTROL. ARMS EXPORTS ARE LIKE A SINGLE BIG GRAY ZONE WHERE IT IS DIFFICULT TO SEPARATE THE PERMITTED FROM THE FORBIDDEN. AND THE FIELD CAN BE CAPRICIOUS. MARKETING AND THE ESTABLISHMENT OF BUSINESS RELATIONS ARE MADE MORE DIFFICULT BECAUSE APPROVED BUYERS CAN SUDDENLY BE BLACKLISTED. ON THE FRINGES ARE INTERNATIONAL

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Date Printed: 10/28/1996

DOC_NUMBER: 87STOCKH01801

CHANNEL: n/a

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GUN-RUNNING GANGS AND FLIM-FLAM WITH END-USER CERTIFICATES (WHICH ARE SUPPOSED TO CONFIRM THAT BUYERS WILL NOT RESELL ARMS TO A THIRD PARTY).

30. THE NOBEL CORPORATIONS HAVE BEEN CONSTRAINED BY FALLING PROFIT MARGINS. THOSE RESPONSIBLE HAVE BEEN UNCLASSIFIED

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PRESSED TO BRING HOME EXPORT ORDERS. THE OLD MANAGEMENT, WITH MANAGING DIRECTOR CLAES-ULRIK WINBERG IN THE VAN, HAD A STANDING MESSAGE TO POLITICIANS AT ALL ANNUAL GENERAL MEETINGS: ALLOW MORE EXPORTS.

INDEED, DURING WINBERG'S REIGN, THE DEFENSE DEPENDENCE OF THE BOFORS OF HIS DAY GREW AS NEW CIVILIAN PROJECTS FAILED AND UNPROFITABLE DIVISIONS, SUCH AS STEEL AND NOHAB, WERE PHASED OUT. (EMBASSY NOTE: WINBERG WAS ELECTED CHAIRMAN OF THE FEDERATION OF SWEDISH EMPLOYERS IN MID-1984. SHORTLY AFTER TAKING UP THIS POST, THE FIRST ACCUSATIONS OF GUN-RUNNING WERE MADE AGAINST BOFORS. HE RESIGNED FROM THE FEDERATION CHAIRMANSHIP IN THE SUMMER OF 1985, AND FROM THE MANAGING DIRECTORSHIP OF BOFORS SHORTLY THEREAFTER.)

31. THERE WERE, IN OTHER WORDS, STRONG MOTIVES FOR INCREASING ARMS EXPORTS. A LARGE INTERNATIONAL SALES NETWORK AND A GROWING MARKET FOR ITS PRODUCTS MAY HAVE ATTRACTED BOFORS OUT INTO THE FRINGES OF THE GRAY ZONE. WHETHER OR NOT THIS ACTUALLY OCCURRED WILL HAVE TO BE SHOWN BY THE ONGOING INVESTIGATIONS.

32. THE ACCUSATIONS AGAINST BOFORS AND NOBEL KEMI MAY BOUNCE BACK ON THE POLITICIANS, WHO AFTER ALL ALLOWED SUCH EXTENSIVE EXPORTS TO A COUNTRY SUCH AS SINGAPORE. THE LITTLE NATION ON THE MALAY PENINSULA HAS A REPUTATION AS MIDDLEMAN AND REEXPORTER OF WEAPONS. DESPITE THIS, SINGAPORE HAS BEEN THE LARGEST RECIPIENT OF SWEDISH WAR MATERIEL SINCE 1983 (THERE IS NO COUNTRY BREAKDOWN FROM EARLIER YEARS).

33. YUGOSLAVIA TOO, ANOTHER MIDDLEMAN, HAS BEEN A BIG UNCLASSIFIED

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RECIPIENT OF SWEDISH PRODUCTS. AND IT IS THE SUSPICION OF SMUGGLING FROM SINGAPORE (WEAPONS) AND YUGOSLAVIA (EXPLOSIVES) TO PROHIBITED COUNTRIES ON THE PERSIAN GULF WHICH COULD LEAD TO THE PROSECUTION OF SOME TEN OR SO

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DIRECTORS WITHIN THE NOBEL INDUSTRIES GROUP.

34. A TRIAL WOULD NATURALLY BE AN EMBARRASSMENT TO THE DIRECTORS AND TO NOBEL INDUSTRIES, WHICH HAS ALREADY SUFFERED SOME, THOUGH THE NET EFFECT SO FAR CANNOT HAVE BEEN NEGATIVE. THE ORDER FROM INDIA MORE THAN COMPENSATES FOR ALL NEGATIVE ATTENTION.

35. YET IN 1985, THE VOLUME OF EXPORTS FROM NOBEL KEMI, FOR INSTANCE, WAS HALVED AS A CONSEQUENCE OF SUSPECTED ILLEGAL EXPORTS. AND LAST YEAR COULD NOT HAVE BEEN MUCH BETTER. OTHER SWEDISH DEFENSE INDUSTRIES HAVE ALSO BEEN AFFECTED BY THE ONGOING INVESTIGATIONS AS THEY HAVE PUT THE CONDITIONS FOR SWEDISH ARMS EXPORTS IN DOUBT.

36. A TRIAL COULD ALSO BE EMBARRASSING FOR THE POLITICIANS. IT MIGHT BE FOUND THAT GOVERNMENT LICENSING OFFICERS KNEW WHAT HAD BEEN GOING ON OR SHOULD HAVE REALIZED WHAT HAD BEEN GOING ON BECAUSE THE DEFENSE INDUSTRY WORKS IN SUCH INTIMATE COLLABORATION WITH THE AUTHORITIES. FOR INSTANCE, THEY HAVE A FULL VIEW OF THE ACCOUNTS SINCE THEY PAY THE LION'S SHARE OF THE INDUSTRY'S DEVELOPMENT COSTS. AND THEY HAVE, AT LEAST EARLIER, SANCTIONED MARKETING IN COUNTRIES TO WHICH EXPORTS ARE BANNED.

HYPOCRISY

37. NOW THAT POLITICIANS, CITING THE BOFORS BUSINESS AND

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Date Printed: 10/28/1996

DOC_NUMBER: 87STOCKH01801

CHANNEL: n/a

FileName : ...xt/t870397/aaaaczcb.tel

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INFO GULF WAR COLLECTIVE

UNCLAS SECTION 05 OF 06 STOCKHOLM 01801

E.O. 12356: N/A
TAGS: ETTC, ETRD, MASS, SW
SUBJECT: WEAPONS EXPORTS AND SWEDISH HYPOCRISY

THE GROWTH OF ARMS EXPORTS, ARE BEGINNING TO TALK OF
TIGHTENING THE EXPORT REGULATIONS, IT IS NECESSARY TO
SHOW CRITICISM. IS IT JUST THE OLD HYPOCRISY IN A NEW
GUISE? IN WORDS IT IS POSSIBLE TO TALK OF MORE
RESTRICTIVE LAWS. IN ACTION THE POLITICIANS COULD ACT
AS IF NOTHING HAD HAPPENED.

38. IT OCCURRED DURING THE EIGHTIES. NOBODY LISTENING
TO THE DISCUSSIONS OF THE SEVENTIES WOULD HAVE BELIEVED
TH
AT SINGAPORE WOULD BECOME THE BIGGEST RECIPIENT OF
SWEDISH ARMS NOR THAT ARMS EXPORTS TOWARD THE END OF THE
PRESENT DECADE WOULD REACH RECORD LEVELS.

39. WHAT TRIGGERED THE BOFORS BUSINESS COULD HAVE BEEN A
DISTRUST OF OUR POLITICIANS AND THEIR ABILITY TO APPLY A
MORE RESTRICTIVE LEGISLATION. SINCE THE GAP BETWEEN
WORDS AND ACTIONS HAS SO OFTEN PROVED TO BE WIDE WHEN
GOALS OTHER THAN ARMS EXPORT CONTROL HAVE BEEN INVOLVED,
THERE IS REASON FOR THIS DISTRUST. A NEW ROUND OF
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TIGHTENING MIGHT AGAIN BE LOCKING THE STABLE DOOR AFTER
THE HORSE ESCAPED. IT IS NOT REALLY THE LAWS THAT ARE
WANTING BUT THE COURAGE TO APPLY STRICTLY THOSE THAT
ALREADY EXIST, ACCEPTING THE CONSEQUENCES THIS MAY HAVE
FOR EMPLOYMENT AND DEFENSE MUSCLE. END TEXT.

TABLES (FROM ARTICLE)

40. DEFENSE INDUSTRIES GROUP (FFV) IS BIGGEST EMPLOYER

| LARGEST MANUFACTURERS | EMPLOYED IN ARMS PRODUCTION, 1983, PERSON YEARS |
|--------------------------|---|
| FFV | 5,717 |
| BOFORS | 5,620 |
| SAAB-SCANIA | 4,492 |
| ERICSSON RADIO | 2,760 |

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| | |
|---------------------|--------|
| VOLVO FLYGMOTOR | 1,500 |
| PHILIPS | 1,141 |
| HAGGLUNDS | 1,100 |
| KARLSKRONA SHIPYARD | 1,030 |
| KOCKUMS SHIPYARD | 159 |
| SATT ELECTRONICS | 135 |
| TOTAL | 23,653 |

41. BOFORS & FFV SELL THE MOST

| LARGEST EXPORTERS | RANGE IN MILLIONS SEK 1985 |
|-------------------|----------------------------|
|-------------------|----------------------------|

| | |
|---------|---------------|
| BOFORS | 500-1,000 |
| FFV | 500-1,000 |
| PHILIPS | MORE THAN 100 |

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| | |
|-------------------------------|---------------|
| DEFENSE MATERIEL ADMIN. (FMV) | MORE THAN 100 |
| HAGGLUNDS | 50-100 |
| NOBEL KEMI | 50-100 |
| SAAB MISSILES | 50-100 |

42. MOST TO SINGAPORE

| LARGEST RECIPIENTS OF SWEDISH ARMS | MILLIONS SEK 1983-85 |
|------------------------------------|----------------------|
|------------------------------------|----------------------|

| | |
|----------------|-------|
| SINGAPORE | 618 |
| NIGERIA | 586 |
| FINLAND | 498 |
| ITALY | 475 |
| NORWAY | 449 |
| UNITED KINGDOM | 359 |
| UNITED STATES | 278 |
| MALAYSIA | 270 |
| INDIA | 264 |
| DENMARK | 250 |
| WEST GERMANY | 185 |
| SWITZERLAND | 170 |
| YUGOSLAVIA | 162 |
| CANADA | 152 |
| AUSTRIA | 147 |
| BRAZIL | 135 |
| INDONESIA | 121 |
| JAPAN | 120 |
| FRANCE | 81 |
| VENEZUELA | 75 |
| OTHERS | 483 |
| TOTAL | 5,878 |

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UNCLAS SECTION 06 OF 06 STOCKHOLM 01801

E.O. 12356: N/A
TAGS: ETTC, ETRD, MASS, SW
SUBJECT: WEAPONS EXPORTS AND SWEDISH HYPOCRISY

43. PICTURE OF A BOFORS HOWITZER.
PICTURE CAPTION: THE ORDER FOR A FIELD ARTILLERY SYSTEM
BY INDIA NOT ONLY SAVED BOFORS FROM DRASTIC CHANGES BUT
ALSO PUSHED SWEDISH ARMS EXPORTS TO RECORD LEVELS.
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Date Printed: 10/15/1996

DOC_NUMBER: 87STOCKH01447

CHANNEL: n/a

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AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMCONSUL GOTEBOG POUCH

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E.O. 12356: N/A

TAGS: PGOV, SW, PTER, PINS, IR, IZ

SUBJECT: SWEDISH OFFICIALS REJECT NEW YORK TIMES

MAGAZINE'S ACCUSATION OF A GOS COVERUP IN THE PALME

MURDER INVESTIGATION

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1. AN ARTICLE IN THE NEW YORK TIMES MAGAZINE OF MARCH 1, WHICH SUGGESTS THAT OLOF PALME WAS MURDERED BECAUSE OF HIS MEDIATION ROLE IN THE IRAN-IRAQ CONFLICT, AND HIS ROLE IN HALTING SWEDISH WEAPONS SALES TO IRAN, HAS SPARKED A FLURRY OF DENIALS AMONG HIGH RANKING GOS OFFICIALS. THE ARTICLE, WRITTEN BY RICHARD REEVES, WAS PUBLISHED IN THE CONSERVATIVE DAILY "SVENSKA DAGBLADET" ON MARCH 1. REEVES CLAIMED IN HIS ARTICLE THAT SEVERAL HIGH SWEDISH OFFICIALS TRIED TO PUT OBSTACLES IN THE WAY FOR THE POLICE INVESTIGATING THE MURDER. THE REASON, REEVES SAID IN HIS ARTICLE, WAS THAT THE GOS SUSPECTS IRAN OR IRAQ COULD BE BEHIND THE MURDER, AND THE MFA FEARS THAT A SOLUTION OF THE MURDER COULD HARM SWEDEN'S INTERNATIONAL RELATIONS.

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2. PM INGVAR CARLSSON TOLD THE PRESS THAT THE ACCUSATIONS WERE COMPLETELY GROUNDLESS. "THERE ARE NO FEASIBLE SOLUTIONS OF THE MURDER WHICH COULD HARM SWEDEN'S REPUTATION TO THE EXTENT THAT IT WOULD BE BETTER IF NEVER REVEALED," HE SAID. PM CARLSSON ADDED THAT HE THOUGHT THAT REEVES HAD BEEN INFLUENCED BY THE ONGOING IRAN-SCANDAL IN THE U.S. "THINGS LIKE THAT DO NOT HAPPEN IN SWEDEN. THIS AFFAIR IS A MATTER OF A

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JOURNALIST WHO WAS HERE, AND AFTER A FEW INTERVIEWS HE BELIEVES THAT HE HAS SOLVED THE MURDER," CARLSSON CONCLUDED.

3. JAN ELIASSON, THE HEAD OF THE MFA POLITICAL DIVISION, AND THE MAN WHO ALWAYS ACCOMPANIED PALME TO IRAN AND IRAQ, MAINTAINS EMPHATICALLY THAT WAR MATERIAL QUESTIONS WERE NEVER DISCUSSED ON THESE TRIPS. ELIASSON ALSO TOLD THE PRESS THAT, TO THE BEST OF HIS KNOWLEDGE, SWEDISH ARMS EXPORTS WERE NEVER DISCUSSED DURING THE REGULAR TALKS PALME HAD WITH IRANIAN AND IRAQI DIPLOMATS HERE IN STOCKHOLM.

4. REEVES' INFORMATION THAT AN IRANIAN DELEGATION VISITED SWEDEN THREE WEEKS BEFORE THE PALME MURDER TO PROTEST AGAINST CANCELLED ARMS DELIVERIES IS ALSO REJECTED. NO IRANIAN DELEGATION VISITED SWEDEN AT THAT TIME, ELIASSON TOLD THE PRESS. THE IRANIAN EMBASSY IN STOCKHOLM ALSO DENIED SUCH A VISIT TOOK PLACE.

5. THE PRESS ALSO REPORTS THAT SWEDISH OFFICIALS REFUSE TO SHARE REEVES' THEORY THAT THE RECENT DEATH OF WAR MATERIALS INSPECTOR CARL-FREDRIK ALGERNON IN A SUBWAY MISHAP HAD ANYTHING TO DO WITH THE PALME MURDER. THE

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POLICE MADE A THOROUGH INVESTIGATION OF THE ACCIDENT AND CONCLUDED THAT ALGERNON WAS NOT PUSHED IN FRONT OF THE SUBWAY TRAIN WHICH CAUSED HIS DEATH.

6. COMMENT: GIVEN THE AMAZING DEGREE (BY AMERICAN STANDARDS) OF SWEDISH PUBLIC TRUST IN THE PRONOUNCEMENTS OF GOVERNMENT LEADERS, IT IS UNLIKELY THAT REEVES' ALLEGATIONS WILL SPARK ANY INTENSIVE DEBATE HERE--UNLESS, OF COURSE, THE POLICE INVESTIGATION TURNS UP CORROBORATING EVIDENCE. "SVENSKA DAGBLADET," HOWEVER MIGHT TRY TO STIMULATE SUCH A DEBATE IN ORDER TO DISCREDIT THE GOVERNMENT. IN AN EDITORIAL ON MARCH 2, THE DAY AFTER REEVES' ARTICLE WAS PUBLISHED IN "SVENSKA DAGBLADET," THE PAPER SAID SWEDEN NEEDS "BETTER JOURNALISTS," LIKE REEVES, WHO DON'T PUT UP WITH SILENCE FROM THE AUTHORITIES NOR REASSURING STATEMENTS BY OFFICIALS. END COMMENT. KUCHEL

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USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL, PGOV, SCOM, TU, US, IZ, IR, GE

SUBJECT: TURKISH PRESS REVIEW: JANUARY 21, 1987

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1. SUMMARY: THE FOLLOWING ITEMS WERE THE MOST
IMPORTANT IN THE TURKISH PRESS OF JANUARY 21:

-- TURKISH-U.S. RELATIONS: IRAN-IRAQ WAR

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SPECULATION, U.S. ROLE FOR TURKEY IN ISLAMIC WORLD, TOURISM MINISTER IN WASHINGTON;

-- TURKISH-IRANIAN RELATIONS: OZAL EXONERATES IRAN, SHERIA REGIME IN TURKEY, VOICE OF TURKEY WARNING;

-- TURKISH-IRAQI RELATIONS: MFA UNDERSECRETARY KANDEMIR TO BAGHDAD;

-- RELIGIOUS FUNDAMENTALISM: SHP'S MOTION ON RECIDIVISM REJECTED, ERBAKAN COMMENTS ON PROTEST, COURT ACTION AGAINST MURAT BAYRAK, OZAL SAYS RECIDIVISM DANGER FROM FRG; AND

-- TERRORISM: PKK SUSPECTS ARRESTED IN PALME MURDER INQUIRY, FORMER ISRAELI MILITANT MURDERED IN ISTANBUL;

2. TURKISH-U.S. RELATIONS: NILUFER YILCUN WROTE IN "MILLIYET" THAT REPRESENTATIVES OF ARAB AND MUSLIM COUNTRIES IN ANKARA BELIEVE THE U.S. SUPPORTS IRAN, BECAUSE IT DOES NOT WANT IRAN TO LOSE THE GULF WAR. ARMS SHIPMENTS BY THE U.S., ISRAEL AND SOME ARAB COUNTRIES TO IRAN WERE CITED AS EVIDENCE. U.S. MILITARY INTERVENTION IN IRAN IS CONSIDERED REMOTE BY THE REPRESENTATIVES WHO BELIEVE IRAN IS THE ONLY COUNTRY IN THE PERSIAN GULF REGION WHICH COULD RESIST A
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SOVIET ATTACK. IN A SURVEY PUBLISHED BY "MILLIYET" WHICH SPECULATED ON THE CONSEQUENCES OF AN IRAQI DEFEAT, RETIRED ADMIRAL YILMAZ USLUER COMMENTED THAT IF THE U.S. INTERVENES IN THE GULF REGION, THE USE OF TURKISH BASES BY U.S. ARMED FORCES MAY BE CONSIDERED. USLUER ALSO SAID THAT THE U.S., SOVIET UNION AND OTHER WESTERN COUNTRIES WHICH DEPEND ON GULF OIL DO NOT WANT A WINNER IN IRAN-IRAQ WAR. IN THE SAME SURVEY, FORMER DEFENSE MINISTER HASAN ESAT ISIK SAID THAT THE WEST IS TRYING TO INVOLVE TURKEY IN THE GULF WAR. MEANWHILE, LEFTIST "CUMHURİYET" REPORTED THAT FORMER PRESIDENT OF THE DEFUNCT TURKISH LABOR PARTY (TIP) MEHMET ALI AYBAR CLAIMED THAT THE U.S. WANTS TURKEY TO PLAY A MAJOR

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ROLE IN THE UNIFICATION OF THE ISLAMIC WORLD
AGAINST THE SOVIET UNION. AYBAR SAID THAT THE
RECENT UPSURGE IN RELIGIOUS FUNDAMENTALISM IN
TURKEY WOULD ELIMINATE TURKEY'S SECULARISM AS
AN OBSTACLE TO DEALING WITH ISLAMIC
COUNTRIES. "MILLIYET" REPORTED THAT CULTURE
AND TOURISM MINISTER MESUT YILMAZ FLEW TO
WASHINGTON TO PROMOTE THE UPCOMING SULEYMAN
THE MAGNIFICENT EXHIBITION.

3. TURKISH-IRANIAN RELATIONS: ACCORDING TO
"MILLIYET", PM OZAL TOLD REPORTERS THAT WITH
THE DIFFERENCE BETWEEN SUNNI AND SHIA SECTS,
RECIDIVISM COMING TO TURKEY FROM IRAN IS AS
UNLIKELY AS COMMUNISM COMING DIRECTLY FROM THE

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UNCLAS SECTION 02 OF 03 ANKARA 00660

USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL, PGOV, SCOM, TU, US, IZ, IR, GE

SUBJECT: TURKISH PRESS REVIEW: JANUARY 21, 1987

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SOVIET UNION. "MILLIYET", HOWEVER, REPORTED THAT MEETINGS ARE BEING HELD IN TEHRAN TO DISCUSS ESTABLISHMENT OF A SHERIA REGIME IN TURKEY. MANY INFLUENTIAL RELIGIOUS LEADERS FROM IRAN AND OTHER MUSLIM COUNTRIES HAVE REPORTEDLY ATTENDED THESE MEETINGS. TURKEY WAS REPRESENTED BY CEMALETTIN KAPLAN WHO IS A LEADER OF THE ISLAMIC ASSOCIATIONS UNION IN THE FRG. "MILLIYET" ALSO REPORTED IRAN RADIO HAS LESSENED ITS ANTI-TURKEY PROPAGANDA. ACCORDING TO THE DAILY, IRAN WAS FRIGHTENED BY THE "DER SPIEGEL" ARTICLE WHICH CLAIMED THAT ADDITIONAL U.S. WARPLANES (SIC) HAD BEEN DISPATCHED TO TURKEY (SEE SEPTEL). MEANWHILE, MASS APPEAL "HURRIYET" REPORTED THAT VOICE OF TURKEY BROADCASTS IN FARSI WARNED IRAN NOT TO INTERFERE IN TURKEY'S INTERNAL AFFAIRS AND THAT THE RECENT BROADCASTS BY VOICE OF IRAN RADIO WERE NOT IN ACCORD WITH GOOD NEIGHBORLY RELATIONS.

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4. TURKISH-IRAQI RELATIONS: ALL DAILIES
REPORTED THAT FONMIN UNDERSECRETARY NUZHET
KANDEMIR WHO HAD RECENTLY BEEN IN TEHRAN WAS
UNEXPECTEDLY SENT TO BAGHDAD. KANDEMIR
REPORTEDLY CARRIED A MESSAGE FROM PM OZAL TO
THE FIRST DEPUTY PM TAHA YASIN RAMADAN.
"CUMHURIYET" WROTE THAT TURKEY IS ENGAGED IN
FINALIZING A FORMULA TO END THE GULF WAR.
ALTHOUGH NEUTRAL, TURKEY BELIEVES THAT THE
TERRITORIAL INTEGRITY OF IRAQ AND THE
PRESERVATION OF THE SADDAM REGIME ARE
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IMPORTANT. THE DAILY FURTHER OBSERVED THAT
TURKISH DIPLOMATS DO NOT APPEAR OVERLY
CONCERNED AT IRAN'S OCCUPATION OF IRAQI
TERRITORY. ACCORDING TO THE DAILY, MFA
OFFICIALS FOR THE FIRST TIME CONFIRMED AN
INCREASE IN THE NUMBER OF U.S. FIGHTER PLANES
IN TURKEY. OFFICIALS INDICATED THAT THE
ADDITIONAL FIGHTER PLANES ARE PART OF A
TRAINING EXERCISE AND NOT RELATED TO THE
LATEST DEVELOPMENTS IN THE GULF WAR.

5. RELIGIOUS FUNDAMENTALISM: ALL PAPERS
REPORTED THAT THE RULING MOTHERLAND PARTY
(ANAP) ON JANUARY 20 REJECTED A MOTION BY THE
SOCIAL DEMOCRATIC POPULIST PARTY (SHP) TO OPEN
A PARLIAMENTARY INQUIRY INTO RECIDIVISM.
MEANWHILE, THE FORMER LEADER OF THE DEFUNCT
NATIONAL SALVATION PARTY (MSP) ERBAKAN SAID
THAT HIS FOLLOWERS WERE NOT RESPONSIBLE FOR
LAST WEEK'S DEMONSTRATION IN ISTANBUL AND
ACCUSED THE PRESS OF BEING PREJUDICED.
"MILLIYET" REPORTED THAT FORMER DEPUTY OF THE
DISSOLVED JUSTICE PARTY (AP) MURAT BAYRAK, WHO
LIVES IN THE FRG. WAS CHARGED IN THE STATE
SECURITY COURT WITH SUBVERSIVE ACTIVITIES
AGAINST TURKEY WHILE ABROAD. BAYRAK HAD SAID
IN AN INTERVIEW THAT HIS PARTY HAS PLANS TO
ESTABLISH A THEOCRATIC STATE ORDER IN TURKEY.
ACCORDING TO "CUMHURIYET" AND "MILLIYET", PM
OZAL SAID RECIDIVISM ORIGINATES IN THE FRG.
PM OZAL POINTED OUT THAT RADIO COLOGNE
REGULARLY BROADCASTS NEWS OF EXTREMIST
FUNDAMENTALIST GROUPS.

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USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL, PGOV, SCOM, TU, US, IZ, IR, GE

SUBJECT: TURKISH PRESS REVIEW: JANUARY 21, 1987

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6. TERRORISM: "HURRIYET" AND "TERCUMAN"
REPORTED THAT THREE PKK SUSPECTS WERE ARRESTED
IN STOCKHOLM IN CONNECTION WITH THE
ASSASSINATION OF SWEDISH PM OLAF PALME.
ACCORDING TO "CUMHURİYET", "MILLİYET" AND
"GÜNEŞ", THE SUSPECTS WERE RELEASED DUE TO
INSUFFICIENT EVIDENCE. MEANWHILE, "MILLİYET"
REPORTED THAT FORMER ISRAELI MILITANT MISAN
BENYAKAR WAS KILLED AT HIS HOUSE IN ISTANBUL
BY AN UNIDENTIFIED PERSON. TRINKA

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USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL. PGOV, SCOM, TU, LY, IZ, IR, SY, BU, GE, SW,
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LE, PINR, PHUM, PTER

SUBJECT: TURKISH PRESS REVIEW: JANUARY 14, 1987

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1. SUMMARY: THE FOLLOWING NEWS ITEMS WERE AMONG THE MOST IMPORTANT COVERED BY THE TURKISH PRESS OF JANUARY 14:

-- TURKISH-LIBYAN RELATIONS: LIBYA DEMANDS COMPENSATION;

-- TURKISH-IRAQI RELATIONS: KAMRAN INAN STATEMENT ON KIRKUK;

-- TURKISH-IRANIAN RELATIONS: PREMIER OZAL SAYS IRAN CAN NOT INTERFERE IN INTERNAL AFFAIRS. IRANIANS IN TURKEY UNDER CLOSE SURVEILLANCE, INCREASED FOREIGN INVESTMENTS;

-- TURKISH-BULGARIAN RELATIONS: FIRST TURKISH-ORIGIN CHILD LEAVES BULGARIA;

-- TURKISH-FRG RELATIONS: DETERIORATION IF FRG SOCIALISTS WIN ELECTIONS;

-- RELIGIOUS FUNDAMENTALISM: STUDENTS CONTINUE TO PROTEST TURBAN BAN. ARMY SUBMITS REPORT ON RECIDIVISM. RECIDIVISM DISCUSSED AT PARLIAMENT;

-- DOMESTIC POLITICS: DYP WANTS EARLY ELECTIONS; AND

-- TERRORISM: KENT AND AMARIN SAY THEY UNCLASSIFIED

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RECEIVED OUTSIDE SUPPORT. MULLAH ROLE IN SABOTAGE. PKK ORDER FOR PALME ASSASINATION, THREAT AGAINST OIC SUMMIT. END SUMMARY.

2. TURKISH-LIBYAN RELATIONS: LIBERAL "MILLIYET" REPORTED THAT THE LIBYAN PEOPLE'S CONGRESS HAS DEMANDED THAT TURKEY COMPENSATE LIBYA FOR UNJUSTLY PERMITTING ITALY TO TAKE CONTROL OF LIBYA 75 YEARS AGO. PAPER DREW ITS REPORT FROM A RADIO LIBYA BROADCAST.

3. TURKISH-IRAQI RELATIONS: ALL DAILIES CARRIED THE STATEMENT BY BITLIS DEPUTY KAMRAN INAN (WHO RECENTLY JOINED THE RULING MOTHERLAND PARTY) THAT TURKEY CANNOT REMAIN

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INDIFFERENT TO THE NORTHERN IRAQI REGIONS OF
KIRKUK AND MOUSUL. SPEAKING ON THE
FRENCH-INTER RADIO, INAN POINTED OUT THAT 40
PERCENT OF TURKEY'S CRUDE OIL COMES FROM THIS
AREA AND 1.5 MILLION TURKISH-ORIGIN PEOPLE
LIVE THERE. HE SAID "INTERVENTION DOES NOT
ALWAYS HAVE TO BE
MILITARY. TAKING A DEFINITE STAND CAN ALSO BE
A STRONG DETERRENT FORCE."

4. TURKISH-IRANIAN RELATIONS: ACCORDING TO
CONSERVATIVE "TERCUMAN" AND LEFTIST
"CUMHURIYET", PM OZAL SAID IT WAS OUT OF THE
QUESTION FOR IRAN TO INTERFERE IN TURKEY'S
DOMESTIC AFFAIRS. WHEN ASKED HOW HE EVALUATED
THE RECENT STATEMENTS BY THE IRANIAN PM, OZAL
SAID NOTHING OFFICIAL HAD BEEN CONVEYED TO

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USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL, PGOV, SCOM, TU, LY, IZ, IR, SY, BU, GE, SW,
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LE, PINR, PHUM, PTER

SUBJECT: TURKISH PRESS REVIEW: JANUARY 14, 1987

HIM. "CUMHURIYET", QUOTING STATE PLANNING
OFFICE SOURCES, WROTE THAT THE EFFECT OF GOT'S
CLOSER RELATIONS WITH ISLAMIC COUNTRIES HAS
BEEN REFLECTED IN NEW INVESTMENTS BY SYRIA AND
IRAN. SINCE 1983, SYRIA HAS BECOME THE FOURTH
AND IRAN THE SIXTH LARGEST FOREIGN INVESTOR IN
TURKEY. QUOTING TURKISH SECURITY OFFICIALS,
"CUMHURIYET" REPORTED THAT IRANIAN IMMIGRANTS
IN TURKEY ARE UNDER SURVEILLANCE AND THOSE WHO
ARE INVOLVED IN RECIDIVIST ACTIVITIES WILL BE
NOTED.

5. TURKISH-BULGARIAN RELATIONS: ALL PAPERS
REPORTED THAT THE FIRST TURKISH-ORIGIN
BULGARIAN CHILD WAS HANDED OVER TO TURKISH
AUTHORITIES AND HER FAMILY AT THE KAPIKULE
BORDER CHECK-POINT ON JANUARY 13.

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6. TURKISH-FRG RELATIONS: "MILLIYET" REPORTED THAT IF THE SOCIAL DEMOCRATS IN THE FRG WIN THE ELECTIONS OR FORM A COALITION WITH THE "GREENS", TURKISH-FRG RELATIONS COULD DETERIORATE. SDP CANDIDATE RAU REPORTEDLY SAID IF HIS PARTY COMES TO POWER, THE SUBJECT OF HUMAN RIGHTS VIOLATIONS IN TURKEY WOULD BE TAKEN UP.

7. RELIGIOUS FUNDAMENTALISM: ALL PAPERS CONTINUED REPORTING ON RECIDIVISM IN TURKEY. ACCORDING TO THE PRESS, A REPORT PREPARED BY UNCLASSIFIED

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THE TURKISH ARMED FORCES ON RECIDIVISM WAS PRESENTED TO PRESIDENT EVREN. THE REPORT COVERS RECIDIVIST INFILTRATION INTO MILITARY SCHOOLS, MILITARY STUDENTS' EXPULSION AND BRAINWASHING EFFORTS. "MILLIYET" SAID ANOTHER REPORT BY TURKISH INTELLIGENCE STATES THAT FORMER ADANA MUFTI KAPLAN, WHO RESIDES IN THE FRG, IS INVOLVED IN ACTIVITIES WITH THE PURPOSE OF ESTABLISHING A PRO-KHOMEINI REGIME IN TURKEY. PRESS REPORTS ALSO SAID 40 FEMALE STUDENTS AT THE ISTANBUL UNIVERSITY PROTESTED PROFESSORS WHO DID NOT ALLOW THEM TO ENTER CLASSES WITH THEIR HEADS COVERED BY HANGING A BLACK SCARF ON THE UNIVERSITY GATE. PM OZAL REPORTEDLY ASKED THE ANAP DEPUTIES NOT TO UNNECESSARILY DISCUSS RECIDIVISM AND THE TURBAN ISSUE. "THE MORE YOU DISCUSS IT, THE MORE MISTAKES YOU MAKE", HE SAID. "HURRIYET" REMINDED READERS THAT OZAL SIGNED A GOVERNMENT DECREE ON JULY 22, 1981 RATIFYING THE REGULATION BANNING FEMALE STUDENTS FROM COVERING THEIR HAIR AND ALLOWING ONLY THOSE WHO ATTEND KORAN CLASSES IN THE FACULTY OF THEOLOGY.

8. DOMESTIC POLITICS: "MILLIYET" REPORTED THAT CORRECT WAY PARTY (DYP) PRESIDENT CINDORUK HAD CALLED FOR EARLY GENERAL ELECTIONS.

9. TERRORISM: "GUNES" REPORTED THAT TURKISH SECURITY UNITS SUBMITTED A REPORT WHICH STATED THAT MULLAHS HAVE PLAYED A ROLE IN SUCH

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USINFO FOR B/BNEA/EU

E.O. 12356: N/A

TAGS: PREL, PGOV, SCOM, TU, LY, IZ, IR, SY, BU, GE, SW,
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LE, PINR, PHUM, PTER

SUBJECT: TURKISH PRESS REVIEW: JANUARY 14, 1987

TERRORIST INCIDENTS AS THE SABOTAGE OF
KIRIKKALE. CITING CONFESSIONS BY ALI KENT AND
ADNAN MUSA SULEYMAN AMARIN. THE REPORT SAID
THAT IRAN AND SYRIA WERE BEHIND THE KIRIKKALE
SABOTAGE AND HAVE PREPARED PLANS AGAINST OTHER
MILITARY ARMS FACTORIES AND U.S. BASES IN
TURKEY. ALI KENT REPORTEDLY CONFESSED THAT HE
HAD RECEIVED ORDERS FROM MULLAHS WHILE AMARIN
SAID THAT HE HAD RECEIVED MONEY FROM SYRIA.
"HURRIYET" CITING THE SWEDISH NEWSPAPER
"AFTONBLADET" REPORTED PKK LEADER ABDULLAH
OCALAN HAD GIVEN THE ORDER FOR THE
ASSASSINATION OF PM OLAF PALME. MEANWHILE,
"HURRIYET" REPORTED THAT AN ANTI-SADDAM
ORGANIZATION NAMED "REVOLUTIONIST ISLAMIC
MOVEMENT" IN A COMMUNIQUE RELEASED IN BEIRUT
HAS THREATENED THOSE WHO WILL ATTEND THE
KUWAIT ISLAMIC CONFERENCE SUMMIT.
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TAGS: PREL, PGOV, SCOM, PHUM, PTER, EC, IR, SW, BU, TU
SUBJECT: TURKISH PRESS REVIEW: DECEMBER 18, 1986

1. SUMMARY: THE TURKISH PRESS COVERED THE FOLLOWING

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NEWS ITEMS:

- U.S.-TURKISH RELATIONS: PRESIDENT REAGAN'S PLAN WILL EASE TURKEY'S FMS DEBTS;
- INTERNATIONAL TERRORISM: POSSIBLE INVOLVEMENT OF PLO REPRESENTATIVE;
- TURKEY-IRAN: ARE THERE 1,000,000 REFUGEES IN TURKEY?, AND: KURDS TO MEET IN TEHRAN;
- TURKEY-INTERNATIONAL ORGANIZATIONS: BOZER DIDN'T MEET CHEYSSON, EC REPRESENTATIVE SAYS COMMON MARKET TALK DISTURBING;
- TURKEY-SWEDEN: SWEDEN REFUSES TURKISH REQUEST FOR INFORMATION ON PKK DETAINEES;
- TURKEY-BULGARIA: BULGARIAN CONSUL GENERAL TALKS WITH BULGARIAN IMMIGRANTS;
- AMNESTY INTERNATIONAL LETTER: JUSTICE MINISTRY TERMS LETTER "INTERFERENCE IN INTERNAL AFFAIRS";
- DOMESTIC POLITICS: CRISIS IN SHP, MINISTER TUREL COULD BE SACKED, MAYORS TRANSFERRING TO ANAP;
- MILITARY FOUNDATIONS COULD BE ATTACHED TO DEFENSE INDUSTRY FUND;
- "NAZIS" DEMAND IDENTITY CARDS; AND
- SELULOZ-IS UNION OUT ON STRIKE. END SUMMARY.

2. U.S.-TURKISH RELATIONS: ALL DAILIES REPORTED THAT THE REAGAN ADMINISTRATION PLAN REGARDING REPAYMENT OF FOREIGN MILITARY SALES (FMS) LOANS WILL EASE TURKEY'S 1.4 BILLION DOLLAR FMA DEBT TO THE U.S. POPULAR "GUNES" SAID THAT THE PLAN HOLDS TWO POSSIBILITIES: EITHER TURKEY COULD PAY BACK THE PRINCIPAL LOAN AMOUNT AND UNCLASSIFIED

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INTEREST BEFORE THE DUE DATE, OR INTEREST RATES FOR THE FMS LOANS COULD BE REDUCED TO 7.5 PERCENT FROM THE CURRENT 12 PERCENT.

3. INTERNATIONAL TERRORISM: LEFTIST "CUMHURIYET" REPORTED THAT PLO REPRESENTATIVE ABU FIRAS DENIED ALLEGATIONS THAT HE HAD THREATENED A JORDANIAN STUDENT, RAFET SHABAN, WHO TESTIFIED AGAINST FIRAS IN THE STATE SECURITY COURT REGARDING THE ASSASSINATION OF JORDANIAN DIPLOMAT ZIAD J. SATI. "GUNES," CITING A STATEMENT MADE BY AN UNNAMED MFA OFFICIAL, REPORTED THAT THE MFA HAD NOT RECEIVED INQUIRES REGARDING FIRAS'S DIPLOMATIC STATUS. THE UNNAMED OFFICIAL REPORTEDLY SAID THAT FIRAS HAS FULL DIPLOMATIC IMMUNITY, AND IS EXEMPT FROM ALL PUNITIVE AND ADMINISTRATIVE INVESTIGATIONS.

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4. TURKEY-IRAN: "CUMHURIYET," CITING AN ARTICLE PUBLISHED BY "NEWSWEEK," WROTE THAT THERE ARE 600,000 TO 1,000,000 IRANIANS IN TURKEY WHO HAD ENTERED ILLEGALLY. THE FUGITIVES REPORTEDLY PAY USD 3000 TO ENTER THE COUNTRY, AND USD 10,000 TO GO AS FAR AS THE GREEK BORDER. THE REPORT ESTIMATED THAT 200 IRANIANS CROSS THE TURKISH-IRANIAN BORDER EVERY DAY. ACCORDING TO THE ARTICLE, TURKISH AUTHORITIES ARE CONCERNED THAT THE FUGITIVE IRANIANS WILL FORM ETHNIC GROUPS WHICH COULD THREATEN TURKEY'S SECULARISM, AND CAUSE COMPLICATIONS WITH TURKEY'S WESTERN NEIGHBORS. "CUMHURIYET" ALSO REPORTED THAT KURDISH AND ARABIC GROUPS STRUGGLING AGAINST IRAQ'S BAATH GOVERNMENT WILL MEET IN TEHRAN DEC. 24-28.

5. TURKEY-INTERNATIONAL ORGANIZATIONS: MASS APPEAL

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TAGS: PREL, PGOV, SCOM, PHUM, PTER, EC, IR, SW, BU, TU
SUBJECT: TURKISH PRESS REVIEW: DECEMBER 18, 1986

"HURRIYET" REPORTED THAT MINISTER OF STATE ALI BOZER, IN BRUSSELS TO MEET WITH EC OFFICIALS, COULD NOT MEET WITH CLAUDE CHEYSSON ON DECEMBER 17, EVEN THOUGH HE HAD A SCHEDULED APPOINTMENT. CHEYSSON WAS REPORTEDLY DELAYED BY ANOTHER MEETING. IF BOZER'S SCHEDULE PERMITS, THE TWO WILL MEET IN LONDON DEC. 19. MEANWHILE, ACCORDING TO "MILLIYET," EC REPRESENTATIVE GWYN MORGAN, WHO HAS COMPLETED HIS TERM OF OFFICE, STATED TO THE SEMI-OFFICIAL ANATOLIA NEWS AGENCY THAT RUMORS REGARDING THE ESTABLISHMENT OF AN "ISLAMIC COMMON MARKET" WERE SPREAD DELIBERATELY TO CREATE UNEASINESS. MORGAN SAID, "NOT A SINGLE ECONOMIST WITH COMMON SENSE WOULD THINK THAT AN ISLAMIC COMMON MARKET COULD CONSTITUTE AN ALTERNATIVE TO TURKEY'S FULL MEMBERSHIP IN THE EC."

6. TURKEY-SWEDEN: "HURRIYET" REPORTED THAT 75 PKK MEMBERS, WHO ARE BEING INTERROGATED IN CONNECTION WITH THE ASSASSINATION OF SWEDISH PRIME MINISTER OLAF PALME, ARE IN CUSTODY IN SWEDEN. TURKEY REPORTEDLY PROPOSED AN

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EXCHANGE OF INFORMATION IN THE CASE, BUT THE SWEDISH GOVERNMENT REFUSED.

7. TURKEY-BULGARIA: CONSERVATIVE "TERCUMAN" REPORTED THAT BULGARIAN CONSUL NECHO N. NECHEV AND HIS WIFE VISITED IMMIGRANTS LIVING IN ISTANBUL AND BURSA, AND ENCOURAGED THEM TO RETURN TO BULGARIA -- REPORTEDLY "PARTLY BY THREATENING, PARTLY BY PROMISING."

8. AMNESTY INTERNATIONAL LETTER: "HURRIYET" REPORTED ON AMNESTY INTERNATIONAL'S LETTER TO FONMIN VAHIT UNCLASSIFIED

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HALEFOGLU WHICH REQUESTED HIS HELP IN THE CASE OF A PUBLISHER SENTENCED TO 27 YEARS IMPRISONMENT ON CHARGES OF SEPARATIST AND COMMUNIST PROPAGANDA. THE JUSTICE MINISTRY STATED THAT AI COULD NOT INTERFERE IN TURKEY'S INTERNAL AFFAIRS. UNDERSECRETARY OF THE JUSTICE MINISTRY, SABAHATTIN OKUTAN, SAID "THERE IS A DIFFERENCE OF OPINION IN THIS MATTER. WHAT WE DEFINE AS A CRIME IN ACTION IS INTERPRETED BY AI AS A THOUGHT CRIME."

9. DOMESTIC POLITICS: "HURRIYET" REPORTED THAT THOUGH SOCIAL DEMOCRATIC POPULIST PARTY (SHP) PRESIDENT ERDAL INONU CLAIMS THAT THERE IS NO CRISIS IN THE PARTY, THE DEMOCRATIC LEFT PARTY (DSP) NOW HAS 25 DEPUTIES, ENOUGH TO FORM A PARLIAMENTARY GROUP. FORMER PM AND PRESIDENT OF THE DEFUNCT REPUBLICAN PEOPLE'S PARTY (CHP), BULENT ECEVIT, REPORTEDLY ASKED THE DEPUTIES HE CONTACTED TO FORM THE GROUP BEFORE THE NEW YEAR. "HURRIYET" REPORTED THAT AFTER THE MARCH 1984 LOCAL ELECTIONS, PARTIES OTHER THAN THE MOTHERLAND PARTY (ANAP) HAD WON 800 MUNICIPALITIES, BUT THAT ONE OUT OF EVERY FIVE MUNICIPALITIES HAD TRANSFERRED TO ANAP. ACCORDING TO "MILLIYET," MUNICIPALITIES WHICH TRANSFER TO ANAP FIND INSTANT RESOURCES AND ARE ABLE TO RENDER PROPER MUNICIPAL SERVICES. "CUMHURİYET" REPORTED THAT DISMISSAL OF THE ENERGY AND NATURAL RESOURCES MINISTER, SUDI TUREL, IS EXPECTED ON GROUNDS THAT HE HAD MADE STATEMENTS DENIGRATING THE OZAL CABINET.

10. MILITARY FOUNDATIONS COULD BE ATTACHED TO DEFENSE INDUSTRY FUND: "HURRIYET" REPORTED THAT THERE IS A DIFFERENCE OF OPINION IN THE ATTACHMENT OF MILITARY FOUNDATIONS TO THE NATIONAL DEFENSE FUND. ACCORDING TO THE PAPER, DESPITE PRESIDENT KENAN EVREN'S SUGGESTIONS,

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TAGS: PREL, PGOV, SCOM, PHUM, PTER, EC, IR, SW, BU, TU
SUBJECT: TURKISH PRESS REVIEW: DECEMBER 18, 1986

THE MILITARY FOUNDATION ADMINSTRATORS STATED THAT THE UNIFICATION OF FUND-FOUNDATION WAS LEGALLY IMPOSSIBLE. THE GOVERNMENT AND CERTAIN MILITARY CIRCLES REPORTEDLY SUPPORT THE PROPOSAL.

11. "NAZIS" DEMAND IDENTITY CARDS: ACCORDING TO A FRONT PAGE "CUMHURİYET" ARTICLE, COMPLETE WITH PHOTOS, ACTORS OF THE "ORTAOYUNCULAR" THEATRE DRESSED IN "NAZI" UNIFORMS DEMANDED TO SEE IDENTITY CARDS OF TURKISH CITIZENS ON ONE OF THE MAIN STREETS IN ISTANBUL. THE ACTORS, WHO WORE THE UNIFORMS FOR THEIR PARTS IN A PLAY, SAID THEY WERE STARTLED TO SEE THAT THEIR JOKE WAS TAKEN SERIOUSLY BY THE PUBLIC, AND PEOPLE WHO WERE AFRAID OF THEIR UNIFORMS SUBMITTED TO THEIR REQUEST WITHOUT ANY RESISTANCE.

12. SELULOZ-IS UNION OUT ON STRIKE: "MILLİYET" REPORTED THAT THE TURK-İŞ AFFILIATED SELULOZ-IS UNION (CELLULOSE WORKERS) HAD DECIDED TO GO ON STRIKE WHEN THE UNBIASED MEDIATOR'S REPORT WAS NOT ACCEPTED. ACCORDING TO THE LAWS, THE UNION WILL BE ABLE TO CONDUCT A STRIKE AT ALL SEKA (STATE OWNED CELLULOSE AND PAPER COMPANY) JOB SITES WITHIN 60 DAYS, PROVIDED THE EMPLOYER IS INFORMED SIX WORKING DAYS PRIOR TO THE IMPLEMENTATION OF THE STRIKE DECISION. THE STRIKE DECISION COVERS NEARLY 10,000 WORKERS. "MILLİYET" ALSO REPORTED THAT MEMBERS OF THE LASPETKİM-IS UNION AT THE ISTANBUL DERBY RUBBER AND RAZOR FACTORY WENT OUT ON STRIKE DEC. 17. TRINKA

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ASYLUM SEEKERS, PARTICULARLY ITS POLICY OF "DIRECT DEPORTATION," AND THE INCREASING COSTS OF SUPPORTING LARGE NUMBERS OF REFUGEES AND ASYLEES.

LATE IN 1985 THE FOCUS OF THE REFUGEE/ASYLUM SEEKER ISSUE BEGAN TO SHIFT AND IT HAS CONTINUED TO DO SO IN THE EARLY MONTHS OF 1986. A NOVEMBER 1985 "UNDERSTANDING" WITH EAST GERMANY HAS LED TO A VIRTUAL END OF THE FLOW OF ASYLUM SEEKERS THROUGH THAT COUNTRY TO SWEDEN. THIS HAS NOT MEANT AN END TO THE ARRIVAL OF ASYLUM SEEKERS (MOST NOW COME BY AIR TO SWEDEN'S INTERNATIONAL AIRPORTS) BUT IT HAS REDUCED THEIR NUMBERS BY HALF. IT ALSO HAS ELIMINATED THE PRESSURE ON THE SOUTHERN SWEDISH COMMUNITIES WHICH BORE THE BRUNT OF COPING WITH ASYLUM SEEKERS ARRIVING BY FERRY FROM EAST GERMANY AND THUS REMOVED MUCH OF THE POLITICAL URGENCY OF THE ASYLUM SEEKER PROBLEM. THE NATIONAL IMMIGRATION BOARD RECENTLY REDUCED ITS PROJECTION OF REFUGEE/ASYLUM SEEKER ARRIVALS IN 1986 TO 9,000, WHICH WOULD BE A 38 DECREASE FROM 1985. THE BOARD ALSO HAS ANNOUNCED PLANS TO CLOSE MANY OF THE CAMPS WHICH HAD BEEN ESTABLISHED TO HOUSE THE NEW ARRIVALS.

THESE DEVELOPMENTS HAVE ALLOWED THE SWEDISH GOVERNMENT TO MOVE MORE VIGOROUSLY TO SEE THAT ITS ANNUAL REFUGEE QUOTA OF 1,250 IS FILLED BY PERSONS IT VIEWS AS TRULY DESERVING. THERE ARE NO PLANS TO INCREASE THE QUOTA, BUT THE GOVERNMENT HAS SENT OFFICIALS TO TURKEY TO

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ASSIST THE UNHCR IN PROCESSING REFUGEES TO COME TO SWEDEN AND HAS DECLARED ITS WILLINGNESS TO HELP FURTHER IN THIS MANNER.

SEVERAL ASSASSINATIONS IN SWEDEN OF ALIENS ACTIVE IN ETHNIC GROUP POLITICS HAVE SHOWN THAT REFUGEES SOMETIMES BRING THE POLITICAL STRIFE OF THEIR HOME COUNTRIES WITH THEM WHEN THEY COME TO SWEDEN. THESE EVENTS, COMBINED WITH RECENT BOMBINGS IN COPENHAGEN AND STOCKHOLM, HAVE KINDLED A FEAR THAT SWEDEN IS BECOMING A STAGING AREA FOR TERRORIST ACTIVITIES AND AN ACTUAL SITE FOR TERRORIST ACTIONS. WHEN SWEDISH PRIME MINISTER PALME WAS MURDERED IN FEBRUARY 1986, THERE WAS APPREHENSION AMONG ETHNIC/REFUGEE GROUPS THAT IF A FOREIGNER WAS FOUND TO BE THE MURDERER THERE COULD BE A BACKLASH AGAINST FOREIGNERS IN SWEDEN.

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B. SERVICES PROVIDED

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REFUGEES WHO ARE RESETTLED OR GRANTED ASYLUM IN SWEDEN ARE ENTITLED TO THE BROAD PUBLIC SERVICES FOR WHICH THE SWEDISH WELFARE STATE IS FAMOUS, INCLUDING SUBSIDIZED HOUSING, VOCATIONAL AND PROFESSIONAL EDUCATION, AND PUBLIC HEALTH CARE. IN ADDITION, SWEDISH AUTHORITIES PROVIDE A VARIETY OF SERVICES DESIGNED TO MINISTER TO THE NEEDS OF REFUGEES AND TO FACILITATE THEIR ENTRY INTO SWEDISH SOCIETY. THESE SERVICES RANGE FROM SWEDISH LANGUAGE AND JOB SKILL TRAINING TO PSYCHIATRIC ASSISTANCE. FY 85-86 EXPENDITURES (INCLUDING NATIONAL AND LOCAL GOVERNMENTS) FOR HOUSING, EDUCATING, AND OTHERWISE CARING FOR REFUGEES AND ASYLUM SEEKERS ARE ESTIMATED TO REACH \$112.5 MILLION, A TEN PERCENT

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SUBJECT: WORLD REFUGEE REPORT TO CONGRESS - FY 1987

INCREASE OVER THE PREVIOUS FISCAL YEAR.

C. PROSPECTS FOR REFUGEE RESETTLEMENT

SWEDEN PLANS TO MAINTAIN ITS CURRENT ANNUAL REFUGEE QUOTA OF 1,250. ADDITIONALLY, IT IS COMMITTED TO PROVIDING ASYLUM TO DESERVING PERSONS WHO ARRIVE IN SWEDEN ON THEIR OWN, OUTSIDE OF NORMAL REFUGEE PROCESSING IN OTHER COUNTRIES AND OUTSIDE OF THE NORMAL QUOTA. IN RECENT YEARS THESE "SPONTANEOUS ASYLUM SEEKERS" HAVE COMPRISED THE GREAT MAJORITY OF REFUGEES/ASYLEES WHO ARE RESETTLED IN SWEDEN.

D. NEW LEGISLATIVE OR ADMINISTRATIVE DEVELOPMENTS

THE "UNDERSTANDING" WITH EAST GERMANY TO STEM THE FLOW OF PERSONS TRANSITING THAT COUNTRY WITHOUT SWEDISH VISAS IS THE MAJOR ADMINISTRATIVE DEVELOPMENT IN THE REFUGEE AREA. AS MENTIONED ABOVE, THIS HAS APPROXIMATELY HALVED

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THE NUMBER OF ASYLUM SEEKERS OVER THE PAST SIX MONTHS. AS A FURTHER MEASURE TO REDUCE UNCONTROLLED ARRIVALS, THE GOVERNMENT PROPOSED TO FINE TRANSPORTATION COMPANIES (AIRLINES AND FERRY LINES) WHICH BRING IMPROPERLY DOCUMENTED ALIENS TO SWEDEN. THIS PROPOSAL MET WITH CONSIDERABLE PUBLIC CRITICISM, HOWEVER, AND WAS EVENTUALLY DROPPED.

E. SWEDISH AGENCY WITH LEAD ROLE IN REFUGEE AFFAIRS

THE STATENS INVANDRARVERKET (NATIONAL IMMIGRATION BOARD) HAS THE "LEAD ROLE" IN REFUGEE AFFAIRS IN SWEDEN. IT MAKES DECISIONS ON ALL RESIDENCE PERMIT APPLICATIONS FOR SWEDEN, INCLUDING APPLICATIONS FOR REFUGEE STATUS OR ASYLUM. IT HAS RESPONSIBILITY FOR RECEPTION AND CARE OF REFUGEES AND NEGOTIATES AGREEMENTS WITH LOCAL COMMUNITIES FOR THE ACCEPTANCE OF REFUGEES AND ASYLUM SEEKERS IN RETURN FOR COMPENSATION FROM THE CENTRAL GOVERNMENT.

F. SWEDISH CONTRIBUTIONS FOR REFUGEE ASSISTANCE

CONTRIBUTIONS TO INTERNATIONAL REFUGEE ASSISTANCE

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AGENCIES IN FY 85-86:

| | |
|--|------------------|
| -- UNHCR | SEK 75.0 MILLION |
| -- UNRWA | 60.0 MILLION |
| -- UNBRO | N/A |
| -- ICRC (INCLUDING SWEDISH RED CROSS) | 78.0 MILLION |
| -- ICM | N/A |
| -- WFP | 88.0 MILLION |

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BILATERAL REFUGEE ASSISTANCE BY COUNTRY IN FY 85-86:

- THE FOLLOWING ARE COUNTRY AND REGIONAL FIGURES FOR
SWEDISH EMERGENCY AND HUMANITARIAN AID IN FY 85-86.
THESE FIGURES INCLUDE BUT ARE NOT LIMITED TO AID FOR
REFUGEE PURPOSES.

| | |
|--|----------------------|
| -- ETHIOPIA (VIA PRIVATE ORGANIZATIONS) | SEK 100 MILLION |
| -- LAOS | UNSPECIFIED FUNDS TO |
| -- SRI LANKA | 1.0 MILLION |
| -- VIETNAM | 3.0 MILLION |
| -- AID TO LATIN AMERICA | 125.0 MILLION |
| -- AID TO SOUTHERN AFRICA | 180.0 MILLION |

AID FROM PRIVATE ORGANIZATIONS
AND VOLUNTARY AGENCIES SEK 312.0 MILLION

NOTE: AT THE BEGINNING OF 1986 ONE US DOLLAR WAS EQUAL
TO 7.6 SWEDISH KRONOR (SEK)-

II. STATISTICAL SECTION

I. THE NUMBER OF REFUGEES PERMANENTLY RESETTLED DURING
CY 1985: 8500. THE MAJOR COUNTRIES OF ORIGIN ARE LISTED
BELOW.

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EUROPE

| | | |
|----------------|-----|----|
| POLAND | 385 | |
| ROMANIA | 219 | |
| CZECHOSLOVAKIA | | 71 |
| HUNGARY | 80 | |

AFRICA

| | |
|----------|-----|
| ETHIOPIA | 312 |
| UGANDA | 48 |

LATIN AMERICA

| | |
|-------|-----|
| CHILE | 503 |
|-------|-----|

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| | |
|----------------------|------|
| IRAQ | 975 |
| IRAN | 2629 |
| LEBANON | 171 |
| VIETNAM | 123 |
| SYRIA | 65 |
| TURKEY | 197 |
| SOVIET UNION | 28 |
| STATELESS OR UNKNOWN | |
| NATIONALITY | 357 |

2. THE NUMBER OF REFUGEES RESETTLED FROM HOST COUNTRY TO
THIRD COUNTRIES: N/A

C. ASYLUM SEEKERS

1. NUMBER OF NEW ASYLUM APPLICANTS BY COUNTRY IN CY 1985:

| | |
|------------------------|------|
| POLAND | 919 |
| HUNGARY | 246 |
| ETHIOPIA | 530 |
| CHILE | 1629 |
| BANGLADESH | 65 |
| INDIA | 92 |
| IRAQ | 1195 |
| IRAN | 4524 |
| LEBANON | 995 |
| PAKISTAN | 32 |
| SYRIA | 178 |
| TURKEY | 404 |
| STATELESS(PALESTINIAN) | 974 |
| OTHER | 2717 |

TOTAL 14500
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2. NUMBER OF PERSONS GRANTED ASYLUM BY COUNTRY IN CY 1985:

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| | |
|-------------------------|------|
| POLAND: | 385 |
| ETHIOPIA: | 312 |
| CHILE: | 503 |
| IRAQ: | 975 |
| IRAN: | 2679 |
| LEBANON: | 171 |
| SYRIA: | 65 |
| TURKEY: | 197 |
| STATELESS(PALESTINIAN): | 357 |
| ROMANIA: | 219 |
| VIET NAM: | 123 |
| EL SALVADOR: | 106 |
| OTHER: | 2448 |
| TOTAL: | 8500 |

3. TOTAL NUMBER OF ASYLUM APPLICATIONS PENDING AS OF THE
END OF CY 1985: 3507.

NOTES TO ITEMS 2 AND 3 ABOVE: THE PROCESSING TIME FOR
AN APPLICATION FOR ASYLUM/RESIDENCE PERMIT IN SWEDEN IS
TWO TO THREE MONTHS. NEGATIVE DECISIONS CAN BE APPEALED
TO THE IMMIGRATION MINISTER WHERE THERE IS AN ADDITIONAL
SIX TO TWELVE MONTH WAITING PERIOD FOR A DECISION. THIS
MEANS THAT MANY OF THE PERSONS WHO WERE GRANTED ASYLUM
IN 1985 HAD APPLIED IN 1984 OR EVEN EARLIER. AND THAT
MANY OF THOSE WHO APPLIED IN 1985 DID NOT RECEIVE
DECISIONS IN THAT YEAR.

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THE FOLLOWING STATISTICS FOR PERSONS DENIED ASYLUM IN CY
1985 MAY BE USEFUL IN ADDITION TO THE FIGURES PROVIDED
ABOVE:

EUROPE

| | |
|------------|-----|
| YUGOSLAVIA | 41 |
| POLAND | 274 |
| ROMANIA | 35 |
| HUNGARY | 64 |
| OTHER | 15 |

AFRICA

| | |
|----------|----|
| ETHIOPIA | 48 |
| OTHER | 97 |

NORTH AMERICA 2

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LATIN AMERICA

| | |
|-------|----|
| CHILE | 43 |
| OTHER | 13 |

ASIA

| | |
|-------|----|
| INDIA | 24 |
|-------|----|

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IRAQ 217
IRAN 614
LEBANON 254
SYRIA 34
TURKEY 103
OTHER 76
-
SOVIET UNION 3

STATELESS AND UNKNOWN
NATIONALITY 286

TOTAL 2243
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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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Ambassy PRAGUE

September 13, 1968

Origins of Soviet miscalculation in Czechoslovakia

Prague A-782

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A source of the Dutch Embassy has provided a number of observations and details bearing on the origins of what is generally accepted as a serious miscalculation by the Soviets in mid-August in regard to the possibilities of forming a pro-Soviet government in Czechoslovakia without Dubcek, Cernik, Sarkovsky et al. Since there is evidence that the Soviets did indeed have hopes and plans of this kind which they were unable to put into effect in the August 20-25 period (A-782) because of the equivocation of a middle group in Presidium (probably Piller and Barbirek), the subsequent strong stand of Svoboda, and the popular rallying behind Dubcek, some of this background detail seems plausible, although it is unlikely that the Soviet belief in the possibility of replacing the Dubcek leadership was the main factors in making their decision to intervene. The following details are presented in chronological outline form below as reported by the Dutch source for the light they may throw on what are reported to be hotly argued current Soviet post mortems.

1. December, 1967: Novotny informed Cervonenko that the split in the CC over his leadership was only a minor skirmish which he could handle. Novotny presumably also told Cervonenko of his plans to "arrest 121 individuals" and maneuver the third and fifth tank division, with the aid of Generals Rytir, Janko, and Sejna. This purportedly calmed Moscow which had become concerned at reports by its Soviet "political intelligence agent" (KGB station chief?) re "strange tensions" in Prague.

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2. January, 1968: Even after being dropped as First Secretary at the January CC Plenum, Novotny informed Cervenka and Suravlev, who visited the Krasnoy "daily", that the present period was "transitory", that Dubcek's support was limited to intellectuals and "Kienists", and that his leadership could not be tolerated by the "workers" for long. Cervenka accordingly reassured his government and as a result Brezhnev, during his January visit, focussed more on Novotny than on Dubcek, Carnik, and Burkovsky, whom he did not like much anyway.

3. Late March, 1968: The Soviet "political intelligence agent" informed Moscow of the poor reception Novotny got when he visited the OKD-Schalev factory, even though his cohort Kapak, who was supposed to have had a strong following in that factory, tried together with other Novotny supporters to pre-arrange a good show of support.

4. April, 1968: Dubcek and Burkovsky went to Moscow for their first "lesson", and Cervenka, as a result, got orders to seek a new leadership, neither Novotnyites nor Dubcek followers. The group made up of Kolder, Indra, Svastka, Kapak, and Bink began to meet. (Source also includes Burkhirek but with a question mark.)

5. June-July, 1968: District conferences of the Party begin to illustrate that the Kolder-Indra group had poor prospects of gaining influence in the forthcoming Congress or the next CC to be chosen by it. Nevertheless, Cervenka began to cultivate this group arguing to them that Dubcek really did not have much support among the workers and that the Kolder group operating through district and regional leaders could overthrow the "Dubcek clique" and install a "workers and peasants" government as opposed to the "Kienists and intellectuals" rule.

6. July, 1968: Although the Soviets dropped Novotny to focus on the "Kolder clique" the results of the regional and district Party elections in which Kolder and Indra barely got elected as delegates to the Congress alarmed them. They instructed Cervenka to make contact with the lower level Party units which he had claimed could be turned against Dubcek. Cervenka approached some of these via Rytir and some of the Novotnyite security people Interior Minister Pavol had asked. He reported back to Moscow that he had a "workers and peasants" government prepared for possible use when needed.

7. Mid-August, 1968: Sholepin, Shalost, "Katusov", some leading Soviet military people and Brezhnev joined to bring about the decision to intervene.

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8. August 20-21, 1968: The arrest of Dubcek, Cernik, Sarkovsky, Kriegel, and Cisar was carried out with the support of the KGB by former STB types referred to in paragraph 6 above. At the same time, Soviet military commanders, many of whom were assigned with their units to the same areas they had occupied during Vitava maneuvers of the previous year, were instructed to contact local and district party secretaries. These, however, almost uniformly refused to talk with them.

9. August 22, 1968: Cervonenko tried to save the situation by gathering what he hoped would be a provisional government at the Embassy. Chloupek, Rytir, Kapek, Hoffman, and Sulak were actually seen there by Deputy Molednak, who went to the Soviet Embassy on a pretext.

10. Present situation: Moscow is restudying the situation resulting from the failure of its plan to install a new government. The "political intelligence" (presumably KGB) assessments have proven sounder than the reports sent by Cervonenko and the military intelligence in the eyes of the Soviets and Gromyko has supposedly been rebuked. The "Kolder clique" has been written off. The military is looking for ways to recoup its prestige (in this connection, the source claims that the Soviet Black Sea fleet is being reinforced by units from the Far East fleet and that according to the Soviet assistant military attache in Prague the Soviet military believes that safe fleet bases in the Mediterranean are essential to strategic security of the USSR).

Comment: The foregoing chronology may very well describe more or less accurately the way Cervonenko and Novotny misplayed their respective hands during the past nine months. It is quite plausible that the Soviets never intended to let Dubcek and Co. get established and that as the year progressed they became increasingly concerned that the chances of replacing him were getting smaller. Literarny Listy perhaps aptly described the growing Soviet concern on July 19, in an article trying to justify the somewhat impolitic "2000 words", "We knew that their time was coming short, that they were still more and more driven to the corner and that the knife they had in their hands was therefore becoming still more dangerous, for us as well as for those to whom we gave confidence after January. Therefore we asked one of us to say it, to shout also in our name at the people of this country: Watch out! All is not yet won! We all have to defend what was born in January, and which was still so frail and vulnerable."

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DRAFT

March 30, 1995

Case of Efraim Bamaca Velasquez
Chronology of Key Events

Note: This chronology is drawn from a review of ARA/CEN's files, which have been provided to A/IM/IS/FPC pursuant to a January 1995 FOIA request by Jennifer Harbury. Embassy Guatemala also furnished some information contained below. Ms. Harbury has filed a second FOIA request covering information until February 12, 1995, to which ARA/CEN is responding. Although this chronology refers to some intelligence reports, it by no means represents a comprehensive summary of all existing intelligence on this case.

Summary

Guatemalan guerrilla Efraim Bamaca Velasquez disappeared on March 12, 1992 after a firefight with the Guatemalan army near Retalhuleu. For nearly a year, his colleagues and American citizen wife, Jennifer Harbury, believed that he died in combat. However, a former guerrilla, Santiago Cabrera Lopez, claimed in February 1993 that, while detained by the Guatemalan military, he had seen Bamaca alive in military custody in March and July 1992. Harbury contacted our Embassy in March 1993 for assistance in resolving the case. From that time forward, the Embassy and USG officials in Washington assisted Harbury, repeatedly pressed the GOG for information and action, and shared as much information as possible with her.

After an exhumation facilitated by the Embassy failed to discover Bamaca's remains in August 1993, Harbury conducted a week-long hunger strike in Guatemala in September 1993 to publicize her demand for more information. She conducted a 32-day hunger strike in Guatemala in October-November 1994 for the same purpose, during which time she was visited on a near-daily basis by Embassy personnel, including the Ambassador on several occasions. During that hunger strike, ARA/CEN searched its CASC and PHUM files for 1993 and 1994 to create a unified file on the Bamaca case. The Embassy conducted a similar review and the CIA wrote the first of several intelligence updates/chronologies on the case.

Drawing on information developed during the file search and subsequent taskings for and receipt of additional intelligence, the Department instructed Ambassador McAfee to meet with President De Leon on November 11, 1994. The Ambassador told De Leon that, according to information available to the USG, Bamaca was captured alive by the military and that we had no information indicating that he survived much beyond the first

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few weeks of his capture. On the same day, Ambassador McAfee shared this same information with Jennifer Harbury, who had just ended her hunger strike. As more information became available in the ensuing months, we became even more convinced of this conclusion, which USG officials shared with Ms. Harbury in several subsequent meetings, while noting (as remains true to this day) that we have no direct, conclusive evidence of when or how Bamaca was actually killed, nor who ordered his murder or who actually committed it.

On January 26, the CIA provided intelligence that, according to _____, "it was known within the senior ranks of the army that Alpirez ... killed Bamaca."

On February 3, the Department instructed Ambassador McAfee to approach President De Leon again, urging him to order the re-interrogation of senior military officers who might have been involved in Bamaca's disappearance, including Colonel Julio Roberto Alpirez. Ambassador McAfee made this demarche on February 6. ARA DAS Anne Patterson met February 8 with Jennifer Harbury to inform her of the demarche but without revealing Alpirez's name, in view of the fact that Alpirez' degree of involvement in Bamaca's presumed death was not clear. Harbury initiated another hunger strike on March 12 in Washington but concluded it on March 23 after Congressman Torricelli provided her with information alleging involvement in her husband's death by Colonel Alpirez. End Summary.

1992

March 12: Efraim Bamaca Velasquez, aka Comandante Everardo, disappears after firefight with Guatemalan army near Retalhuleu.

March 18: CIA report from Guatemala reports capture of ORPA commander Everardo, described as "lightly wounded in the arm ... in good physical condition ... being well treated by the army ... cooperating fully with his captors." The report's comment speculates that the army will keep news of his capture secret or even claim that he was killed to maximize Everardo's intelligence value. ARA/CEN comment: The name "Efraim Bamaca Velasquez" is not used in this report, and an army officer told the Embassy in March 1993 that it did not know that Everardo was actually Efraim Bamaca Velasquez until Jennifer Harbury and Santiago Cabrera Lopez publicized his alleged capture. Given the description of Everardo as in good condition and cooperating with the army, there is no reason at the time to see this report in a human rights context. Although this report was undoubtedly disseminated to CEN and other ARA offices at the time of acquisition, it first comes to our

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attention in the Harbury/Bamaca context on November 8, 1994) B)

May: The exhumation of a grave in Retalhuleu believed to contain Bamaca's remains is suspended by Attorney General Acisclo Valladares on the grounds that no family member is there to identify the body, nor was other identifying evidence (x-rays, dental records, etc.) available. Jennifer Harbury, who was present, did not identify herself as Bamaca's wife. On March 12 of the following year, she stated that she did not identify herself because she was afraid to do so. (93 Guatemala 3794 and embassy notes)

1993

February: Former guerrillas Santiago Cabrera Lopez and Jorge Augusto Recinos (noms de guerre: Carlos and Willy) testify at the UN Human Rights Commission in Geneva about having seen Bamaca and 35 other guerrillas in clandestine army detention in March and July 1992. (Recinos said he heard guards talking

about Bamaca being in custody in August 1992; he did not claim to have seen Bamaca personally.) Cabrera Lopez says he escaped from army custody and left Guatemala in December 1992. (93 Guatemala 2435 and October 1994 sworn statement by Cabrera) March 1: 93 Guatemala 2435 contains Embassy's evaluation of Cabrera and Recinos's claims, commenting, "we have no idea whether the guerrillas' accusations are accurate ... the ex-guerrillas' claims are not beyond the realm of possibility ..."

March 9: Jennifer Harbury makes her first contact with the Embassy to seek assistance in the case in a phone call to the Embassy's human rights officer, asking Embassy assistance in seeking information from GOG officials about Bamaca's whereabouts and arranging for an exhumation of the Retalhuleu grave. The human rights officer, according to the cable, "pledged to assist in any way possible but requested no publicity concerning such efforts," to which Harbury agreed. (93 Guatemala 3794, which also reports that the Guatemalan Government denies holding Bamaca, alleging that he may have died in combat and been buried in Retalhuleu)

March 11: Guatemala desk officer meets with Jennifer Harbury in Washington. (Embassy records)

March 12: Harbury writes to Embassy human rights officer outlining case and describing aborted exhumation. (Embassy records)

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March 15: Charge and Acting DCM talk to Attorney General Acisclo Valladares about case. (93 Guatemala 3794)

March 18: Embassy officers speak to then-Human Rights Ombudsman Ramiro De Leon Carpio about case. He tells them that he became involved in the case after receiving discreet inquiries from Bishop Quezada and the URNG guerrilla group. He approached the Minister of Defense and other GOG officials, and was told that Bamaca was probably buried in an unmarked grave in Retalhuleu. De Leon requested and received permission to exhume the grave in May 1992, but the proceeding was stopped (as noted earlier in this chronology). (93 Guatemala 3794)

March 18: Embassy human rights officer speaks with Harbury by phone. He explains to her that, in the absence of other family members, pursuit by the Embassy of an exhumation will require that she prove her purported marriage to Bamaca. (Embassy notes)

March 22: Embassy human rights officer contacts COPREDEH (Guatemala's Presidential Human Rights Commission) about case. The COPREDEH staffer said that the UN Human Rights Commission's independent expert on Guatemala had inquired about the case and the GOG was preparing a reply denying that the military had ever had Bamaca. (93 Guatemala 3794)

March 23: Embassy receives from Jennifer Harbury a privacy act waiver imposing no restrictions on U.S. officials regarding discussions of the case. (93 Guatemala 3794)

March 24: Embassy human rights officer speaks with Harbury by telephone, giving her a status report on inquiries to the GOG and steps taken to arrange an exhumation. (Embassy records)

March 26: Embassy human rights officer and other embassy officer contacts Military Intelligence Chief Otto Fernando Perez Molina about case; Perez says that the military definitely did not have Bamaca, who is "probably buried in Retalhuleu." He pledges military cooperation with future exhumation efforts and says that he believes that "Harbury had no reason to fear returning to Guatemala for the exhumation". (93 Guatemala 3794)

March 30: Harbury calls Embassy to discuss ways to identify Bamaca. (Embassy records)

Mid-May:

the army holds URNG

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members in clandestine jails. The officers reportedly believe Santiago Cabrera Lopez and Jorge Augusto Recinos's accounts regarding seeing Bamaca alive. []

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May/June: Guatemalan stability breaks down, culminating in President Serrano's May 25 auto-coup attempt and De Leon's election by the Guatemalan Congress to the Presidency June 6. (Multiple reports)

June 22: Texas Court validates Harbury marriage. (Embassy notes)

July 9: Harbury meets with consular and political officers, who tell her that the embassy stands ready to assist her in any way it can during her search for her husband. (93 Guatemala 8697)

July 11: Ambassador McAfee meets with Pres. De Leon, suggesting that he abolish clandestine prisons if any exist. (Embassy records)

July 22: Harbury meets with Ambassador to discuss case (their first meeting in Guatemala). (Guatemala 8697)

July 29: Ambassador raises issue of clandestine prisons with Minister of Defense, notes he should be careful nothing happens to individuals such as Bamaca if they are being held. (Embassy records)

August 2: Ambassador meets with President De Leon and raises clandestine prisons and Bamaca case. (Embassy records)

August 17: Accompanied by the Embassy's American citizen services officer, Harbury witnesses the exhumation of a grave in Retalhuleu. None of the bodies unearthed appears to be Bamaca. (93 Guatemala 10348)

August 20: Ambassador and consular officer meet with Harbury to discuss the exhumation results. Journalist Janet Hawkins of "Harvard" magazine also sits in. Harbury asked for Ambassador's support for her ongoing efforts to get the GOG to move all clandestine prisoners to publicly-accessible detention centers. Ambassador tells Harbury that she and other Embassy officers have discussed and will continue to discuss the case with highest-level GOG officials, including the President and Minister of Defense. She notes that "at present we have no evidence to confirm Harbury's claim of the ongoing detention of URNG combatants to include Bamaca, but against that possibility the Ambassador has continued to press the case with the GOG." (93 Guatemala 9845)

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August 25: Ambassador raises case with MOD Enriquez and asks him to receive Jennifer Harbury. (93 Guatemala 9845)

August 30: Pursuant to the Ambassador's request, MOD Enriquez meets with Harbury. (93 Guatemala 10257)

August 30: During a dinner meeting, Ambassador and President De Leon discuss Bamaca case. (Embassy records)

September 4: Consular officer meets with Harbury to discuss Harbury's meeting with Minister of Defense. Harbury reported that Enriquez was "cordial and non-committal" but did not respond to her questions about how the army could have provided an accurate physical description of Bamaca in spring 1992 to the Human Rights Ombudsman if the army had not held Bamaca. (93 Guatemala 10257)

September 6: Ambassador meets with MOD and discusses his recently held meeting with Jennifer Harbury. (Embassy records)

September 7: Harbury begins a week-long fast to pressure the GOG to reveal the whereabouts of Bamaca. Consular officers from the Embassy visit her several times each day. (93 Guatemala 10257)

September 10: Charge discusses case with Foreign Minister, who implicitly sought Embassy assistance in getting Harbury to end her fast. Charge tells Foreign Minister not to take any action to interfere with Harbury's activities and urges that Ms. Harbury's well-being be protected. The reporting cable on the conversation notes that President De Leon told the press that Harbury "is in her rights to exercise such pressure." (93 Guatemala 10302)

September 13: GOG Peace Commission member Mario Permuth tells political counselor and political officer that URNG commander Rodrigo Asturias, head of the guerrilla faction ORPA to which Bamaca reportedly belonged, once told Permuth that he thought Bamaca was dead. (93 Guatemala 10416)

October 7: A Guatemalan army officer tells Defense Attache and political officer that the Guatemalan government, in response to Harbury's decision to file a case with the Inter-American Commission on Human Rights (IACHR), may seek to prove that Harbury was never legally married to Bamaca. The officer said that many guerrillas have died and been buried in places unknown to the Guatemalan government, so the fact that Bamaca's body was not buried in Retalhuleu proves nothing. (93 Guatemala 11429)

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October 21: Harbury meets with ARA DAS Anne Patterson in Washington to discuss her IACHR case. Patterson emphasized the importance of human rights issues in U.S. policy toward Guatemala and USG opposition to the use of secret detention facilities. Patterson asked Harbury if she still believed her husband was alive, in view of the fact that the last reported sighting of Bamaca (by Santiago Cabrera Lopez) took place in July 1992. Harbury responded affirmatively, based on the belief that her husband's experience and close ties to ORPA leader Asturias would make him a valuable source of intelligence. (93 State 339783)

October 22: Harbury meets with Assistant Secretary for Human Rights John Shattuck to review her IACHR complaint. Shattuck assured her of continued U.S. support in urging Guatemalan authorities to investigate the case. (93 State 339783)

December 9: Senior ARA Adviser Nuccio and Guatemala desk officer Harrington meet with Jennifer Harbury. Nuccio tells Harbury that we do not know more about the Bamaca case than what we have been told by the Guatemalan Government. (Nuccio personal records)

1994

January 6: Ambassador raises case with MOD, who agrees to meet with Harbury but says that a "meticulous investigation" had produced no results. (94 Guatemala 185)

January 7: Embassy officers meet with Harbury (94 Guatemala 185).

January 7: Defense attache and political officer meet with Guatemalan military officer Otto Nosck, who agreed to their request to help Harbury obtain appointments with MOD officials. (e-mail)

January 12: Ambassador meets with Harbury and promises to continue pressing GOG on case. (94 Guatemala 705)

February 10: Central American Parliament deputy and former GOG peace commission chief Manuel Conde tells political officer that a former ORPA comandante told Conde that Bamaca was missing before the March 12, 1992 clash in which he was reportedly killed. The embassy notes that this is a second-hand account and should be read as such. (94 Guatemala 1483)

May 24: Harbury meets with Consul General, Defense Attache, human rights officer, and American citizen services officer to

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ask for an account of the Embassy's efforts on her case. Embassy officers report that they "regularly prod their GOG contacts for action and answers on all unresolved human rights cases of interest to the USG," including her husband's. Embassy officers told Harbury that they were unaware of any new information on Bamaca's whereabouts. Harbury asked that the Embassy arrange an appointment for her with President De Leon (the Ambassador later sought such a meeting, as she had done before). Harbury said that the Minister of Defense had hinted to her that Bamaca was alive; the Defense Attache, who had been present on the occasions when Harbury conversed with the MOD, said that he had never heard the MOD suggest that Bamaca was alive. Harbury replied that she was "reading between the lines." (94 Guatemala 6060)

May 26: Ambassador meets with Harbury, who urges that the U.S. cut off aid to Guatemala. Ambassador replied that the embassy would "continue to push for a satisfactory resolution to the Bamaca case" but voiced her concerns that halting USG funds would adversely affect much-needed criminal justice reforms and hurt Guatemala's neediest citizens. (94 Guatemala 6060)

May 30: Harbury tells Ambassador, Defense Attache and human rights officer that the Minister of Defense was "sounding her out" about "compromise solutions." Defense Attache warns Harbury that we had a different understanding and not to place too much credence in this, particularly since the army had never admitted to holding Bamaca. (94 GT 6060 and Embassy notes)

June 27: Reporting on Harbury's various meetings with Embassy officials during her most recent visit, Embassy closes with the following sentences: "Embassy has no information to support her belief that Bamaca is alive. However, we will continue to press the GOG on this case." (94 Guatemala 6060)

July 1, 1994: Nuccio meets with Harbury. She describes "offer" by Guatemalan Minister of Defense Enriquez to release Bamaca if Harbury drops the case. Harbury asks Nuccio if he will assure Enriquez that she is sincere in offering to drop the case in exchange for Bamaca's release. Nuccio expresses doubt that Enriquez has really made such an offer. Harbury claims Ambassador McAfee has changed her attitude about the case and is no longer pressing it. Nuccio assures Harbury that this is not true. He agrees to bring the case up with the URNG and with MOD Enriquez on his next trip to Mexico and Guatemala. (Nuccio personal records)

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July 12: Consul General and Human Rights Officer meet with Supreme Court officials to discuss this and other cases of USG interest. (Embassy records)

August 10-11: Nuccio visits Guatemala, meets with MOD Enriquez and raises Bamaca case. MOD rejects the idea that he ever offered to release Bamaca, claims no knowledge of the case. Nuccio urges Enriquez to take whatever steps on the case are possible now before it becomes a bigger issue in U.S.-Guatemalan relations. (Nuccio personal records)

August 11-12: Nuccio visits Mexico, questions URNG Commander Gaspar Ilom (Rodrigo Asturias) about Bamaca, who served under Ilom. Ilom recounts personal relationship with Bamaca, that he personally recruited him into the ORPA faction of the URNG, taught him to read and feels that he is "like a son." Ilom asks Nuccio to do all he can on the case. (Nuccio personal records)

August 17: Ambassador meets with President De Leon to discuss several bilateral issues; she asks that he meet with Jennifer Harbury when she next visits Guatemala. De Leon agrees to do so. (94 Guatemala 7719)

August 17: Human Rights Officer formally includes this case in the written list of cases of USG interest given to various GOG entities including COPREDEH, the National Police and the Public Ministry during regularly scheduled meetings. (Embassy sources)

August 22: Ambassador raises case with Minister of Defense at dinner in honor of visiting DOD DAS Mari-Luci Jaramillo. Enriquez said he had no idea where Bamaca was and suggested that the body disinterred in Retalhuleu in August 1993 was really Bamaca's. The Ambassador "retorted that she didn't believe that" and emphasized that this case continued to be of high priority to the USG. (94 Guatemala 8176)

August 23: Ambassador and DOD DAS Mari-Luci Jaramillo raise Harbury/Bamaca case with MOD. Jaramillo notes that this case is "of special concern" to the USG. Enriquez "stated emphatically that the army did not have Bamaca" and speculated that he might "still be alive somewhere." (94 Guatemala 8176)

September 29, 1994: Nuccio meets with Harbury, conveys essence of conversations with Enriquez and Ilom. (Harbury may have been accompanied by former URNG guerrilla Santiago Cabrera at that meeting.) Cabrera reviews his testimony to the OAS with Nuccio. (Nuccio personal records)

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October 11 - November 11: Harbury conducts hunger strike in National Plaza, Guatemala City. (Multiple reports)

October/Nov 94: Throughout Harbury's hunger strike, Embassy continues assistance to Harbury and makes representations to GOG, including almost daily visits to Harbury; eight meetings between Ambassador and Harbury; instructions to the National Police "roving patrols" assigned to the Embassy to check on Harbury's safety three times daily and every 60-90 minutes at night; requests that GOG officials and MINUGUA personnel meet with Harbury; and meetings with GOG officials to urge an investigation. (94 Guatemala 9332, 9557, 9608, 9680, 9769, 9786, 9796, 9880, 9924, 9978)

October 11: Consular officer meets with Harbury, emphasizing that the Embassy continues to place high priority on her case and that the Ambassador and the rest of the embassy staff raise Bamaca case with GOG contacts at every opportunity. Consular officer also tells Harbury that, "despite Ms. Harbury's assertions to the contrary, the Ambassador and other embassy officials with whom she had met in the past had been completely candid with her when discussing Embassy efforts to obtain information on her husband's whereabouts and our lack of independent evidence up to this point regarding his fate." Consular officer expresses concern for Harbury's health and personal safety and provides her with the Embassy's 24-hour emergency telephone number. (94 Guatemala 9332)

October 14: Guatemala desk officer meets with visiting ICRC delegates, who tell her in confidence that they interviewed Santiago Cabrera Lopez and Jorge Augusto Recinos for over two hours in Geneva (apparently in February 1993) and found their story lacking in credibility. (Desk officer notes)

October 18-19: Desk officer spends two full days searching through ARA/CEN's 1993 and 1994 files to compile a single, consolidated file on Harbury/Bamaca case. Her file search turns up a May 1993 CIA intelligence memo that suggests Bamaca had been captured by the Guatemalan military. She immediately brings this memorandum to the attention of other ARA officials concerned with the Bamaca case. (Desk officer notes)

October 19: DCM meets Asisclo Valladares to emphasize the case's potential for harm to bilateral relations and to discuss possible entities capable of investigating the case, such as the ICRC, UN Human Rights Commission, UN Verification Mission in Guatemala (MINUGUA), and domestic Guatemalan entities. The DCM urges international participation in any Guatemalan

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investigation in order to give it credibility. (94 Guatemala 9786)

October 24: ARA DAS Patterson sends INR/IL a memorandum requesting an evaluation of all previous intelligence reports dealing with the Bamaca case and to ask the intelligence community to make the collection of additional intelligence on Bamaca a priority. (ARA files)

October 24: ARA/CEN Director John Hamilton speaks in Tegucigalpa with President De Leon and Foreign Minister de Vielman. De Leon complains that Harbury had consistently misrepresented information which had come from him while he was Human Rights Ombudsman. He expresses concern at Harbury's health and considers hospitalizing her at some point soon. Hamilton urges De Leon to think of steps permitting Harbury to stand down from strike, such as an independent investigation by MINUGUA. De Vielman supports this idea. (e-mail)

October 24: CIA's Office of African and Latin American Analysis, in response to Patterson request of October 19, produces the first of a series of intelligence chronologies dealing with the Bamaca case. This chronology, which includes several acquisitions pointing to Bamaca's capture alive by the Guatemalan military, concludes that the Guatemalan Government has consistently misrepresented its knowledge and use of clandestine military prisons, as well as of the fate of Bamaca. It also concludes that there is insufficient information to determine whether Bamaca is still alive. Earliest piece of intel included is from May 1993. (Intelligence Report: Guatemala: The Bamaca Case)

October 25: Harbury tells Ambassador, during course of long conversation, that a Guatemalan woman had told her that she had heard from a friend in the military that Bamaca was alive. Harbury declines Ambassador's request to contact the woman. (94 Guatemala 9769)

October 25: Embassy receives information, sourced to a disgruntled former soldier, that Bamaca was seen alive at a military hospital in late March 1992. (94 Guatemala 9760)

October 26: DCM meets with Prosecutor General Valladares, who tells DCM that Harbury has rejected any investigation by international bodies like MINUGUA and demands a negotiation with the army. Valladares says he will file a writ of habeas corpus for Bamaca, requesting appointment of investigators to visit every military installation in search of information on Bamaca. DCM presses for this effort to include interviews with all persons who participated in the March 1992 firefight when

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Bamaca disappeared and again urges international participation in any Guatemalan investigation in order to give it credibility. (94 Guatemala 9786)

October 26: Defense Attache meets with MG Gonzalez Taracena, Chief of Staff of National Defense Staff, emphasizing that lack of action on the case so far was seriously jeopardizing bilateral relations, urging action, and suggesting a high-level statement and independent investigation. Gonzalez says he will discuss with Defense Minister. (94 Guatemala 9796)

October 26: Nuccio meets with URNG command in Mexico City. Raises Bamaca case. Asks ORPA commander Ilom what solution to the Bamaca case is possible. Ilom says Bamaca must be released if alive. Nuccio asks what can be done if he is not alive. Ilom says case must be pursued through the judicial process and body must be handed over. Nuccio asks what if body cannot be produced. Ilom says judicial process is the answer. Nuccio has side conversation with Ilom, says that he now has new information about the case. Ilom says that he has noted new activism on the USG part and thanks Nuccio for his efforts. (Nuccio personal records)

October 27: President De Leon announces new investigation at a press conference, appointing Guatemalan Ambassador to the OAS Cesar Alvarez Guadamuz to coordinate and proposing the appointment of a special prosecutor. He says that every facility will be offered to those investigating the Bamaca case. (94 State 293768, e-mail)

October 27: Ambassador and ARA Senior Adviser Nuccio meet with President De Leon, who says he has asked MINUGUA to investigate the case. (94 Guatemala 9880) They also meet with MOD Enriquez to emphasize importance of a thorough investigation of the case. (94 Guatemala 10520)

October 27: Nuccio and Amb. McAfee visit Jennifer Harbury in the central plaza where she is conducting her hunger strike. She agrees to meet with Nuccio/McAfee later at the Ambassador's residence. (Embassy/Nuccio notes)

October 27: Ambassador, Nuccio, DCM, and political counselor meet with FM de Vielman and Ambassador to the U.S. Edmond Mulet to discuss case. Nuccio raises need to address concerns about clandestine prisons. (94 Guatemala 9880)

October 29: Department instructs USUN to ask UN staff to encourage MINUGUA's receptivity to de Leon's willingness to work with it on Bamaca case. (94 State 293768)

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October 29: Ambassador and consular officer call on Cesar Alvarez Guadamuz and recommend that Ambassador Mulet be given a more active role in managing various aspects of the case and investigation. (94 Guatemala 9977)

November 2: ConGen and American citizen services officer meet with Guatemalan Supreme Court Secretary about reports that Bamaca may be buried in Coatepeque. They subsequently inform Ms. Harbury. (94 Guatemala 9978)

November 4: DCM meets with Prosecutor General Acisclo Valladares, who gives an update on legal aspects of the case. DCM emphasizes that the U.S. considers Harbury's right to petition and freedom of expression to be inviolable and asks about possible Guatemalan government intervention to hospitalize Harbury. Valladares said Ms. Harbury's medical attention should be left to her associates and the Embassy. (94 Guatemala 10117)

November 4: Guatemalan Supreme Court hearing held on question of pursuing a special investigation into Bamaca's whereabouts. Harbury and Embassy American Citizen Services officer attend. (Embassy notes)

November 4: Second of CIA intel chronologies disseminated. This analysis contains three reports suggesting Bamaca was captured alive but concludes that there is insufficient information to know what happened to him. (Intelligence Report: Guatemala: The Bamaca Case, November 4, 1994)

November 5: Embassy, working through the night, and at the request of friends of Ms. Harbury, manages to delay a suddenly scheduled exhumation of a grave reported to contain Bamaca's remains. Embassy assists Harbury with information and arrangements, including transportation, consular accompaniment, security, cameras, a forensic specialist, and assistance to Harbury's colleagues, and is present at the subsequent exhumation on November 8, which is not of Bamaca. (94 Guatemala 10067)

November 5: Embassy reports that recent [redacted] credible information that "the Guatemalan army captured Bamaca, interrogated him and almost certainly did away with him." Embassy notes urgency of need for action and suggests that Ambassador be instructed to inform De Leon of the basic elements of the report. (94 Guatemala 10068, Roger Channel) 13

November 8: Third of CIA Chronologies on Bamaca case disseminated. This chronology contains summary of a March 1992

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TD reporting several days after the fact the capture of Bamaca, who was in good condition despite a wound to the arm. Report said Bamaca was being treated well by the Army and that news of his capture would likely be kept secret. (Intelligence Report, Guatemala: Updating the Bamaca Case, November 8)

November 9: Guatemalan Supreme Court designates Human Rights Ombudsman Jorge Mario Garcia Laguardia to investigate Bamaca's fate. (Embassy records)

November 9: Ambassador McAfee meets with Harbury's U.S. attorneys to discuss next steps. (GR 10212)

November 9: ORPA Commander Ilom calls Nuccio. Asks for help to prevent GOG from threatening Harbury's health by making her attend pointless exhumations. Nuccio agrees to try but points out that Harbury is attacking him personally, reducing his effectiveness. Ilom mentions NYTimes editorial charging Amb. McAfee and Nuccio with "silence" on the case and says that is unjust. He offers to send a "messenger" to Harbury to warn her against "converting an attack on the GOG and military into an attack on the USG." (Nuccio personal records)

November 9: Department instructs Ambassador to demarche President De Leon, noting that "a comprehensive review of holdings on the Bamaca case leads Department to conclude that Bamaca was alive in army custody in 1992" and telling Ambassador to press De Leon to use this information to obtain a full accounting of this case. (94 State 302742)

November 11: On instructions, Ambassador makes demarche to De Leon, telling him that "multiple reports from several reliable sources ... indicate that Efraim Bamaca was taken captive in March 1992 and transferred to a base in San Marcos for further interrogation. Bamaca had been wounded, but his injuries were not believed to be life-threatening. Because he was in army custody, the army should be aware of his fate at that time. We are bringing these credible reports to your attention because, as President, you have a responsibility to ensure that the investigation now underway should be vigorously pursued to confirm the facts in this case, and to take appropriate strong action." Ambassador gives De Leon a copy of these points in writing. De Leon responds that he has ordered an investigation, hopes MINUGUA will make a major contribution, and asserts that Bamaca is dead, without elaborating. (94 Guatemala 10274)

November 11: Ambassador meets with Harbury to tell her about meeting with De Leon and informing her that the demarche ..

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contained the following information: "Based on all the information available to us from a variety of sources, we have concluded that Bamaca was taken captive by the army in March 1992. He had been wounded, but his injuries were not believed to be life-threatening. We have no information that he was alive much beyond the first few weeks after his capture." The Ambassador declines to expand or respond to questions about the information, noting that it concerned intelligence matters, but says she had pressed De Leon for a vigorous investigation. Harbury asks for copies of all Embassy communications on her case; the Ambassador tells her to make the request in Washington. Harbury notes she has ended her hunger strike and will return to the U.S. for meetings with White House officials. (94 Guatemala 10259)

November 11: Nuccio meets with the URNG in Mexico City. Ilom takes credit for having ended Harbury hunger strike the day before by saying that he send a messenger to her as promised. Nuccio thanks Ilom and says that preservation of Harbury's health is important as solution to the case will take a great deal of time. (Nuccio notes)

November 12: Ambassador meets with Human Rights Ombudsman to discuss investigation that President De Leon has assigned to him. Ombudsman says is uncomfortable with the task. (94 Guatemala 10326)

November 15: DAO and MilGroup commander meet with Army Chief of Staff Gonzalez Taracena to discuss Bamaca case. B

November 16-18: DRL A/S Shattuck and DRL/AAA's Mary Curtin visit Guatemala, meet with President De Leon, MOD Enriquez, Human Rights Ombudsman Garcia LaGuardia, MINUGUA head Leonardo Franco, Public Ministry head Ramses Cuestas and human rights NGOS, discussing Bamaca with interlocutors and urging importance of clarification of Bamaca's fate. (94 Guatemala 10457, 10460, 10558)

November 17: Fourth of CIA intel chronologies on the Bamaca case disseminated. This report concludes that Bamaca was likely captured alive in March 1992 and that there is no reliable information to ascertain whether he is still alive and being held in a clandestine military prison. (Intelligence Report: Guatemala: The Bamaca Case, November 17, 1994)

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November 21: Harbury meets with National Security Adviser Anthony Lake, Vice President Gore's adviser Leon Fuerth, and Assistant Secretary of State John Shattuck. Lake gives Harbury an up-to-date assessment of our intelligence on the Bamaca case, affirming that we have no information as to Bamaca being alive and that we have been informed, although we cannot verify, that he was alive in July 1992 (sic). Lake emphasizes that the Bamaca case is important to us and that we will continue working on it. We will push the Government of Guatemala to work with the UN human rights verification mission in Guatemala (MINUGUA) to investigate the case. (NSC records)

November 23: Ambassador and Defense Attache meet with Minister of Defense to press strongly for a resolution of the Bamaca case and other pending human rights cases, noting that if the case is not resolved, bilateral relations would suffer. She says that the USG had reliable information from several credible sources that the army captured Bamaca alive in March 1992 and thus must know what happened to him. Enriquez pledged to cooperate fully with the Human Rights Ombudsman and Solicitor General's investigations. (94 Guatemala 10720)

November 23: Ambassador McAfee meets with MINUGUA head Leonardo Franco to discuss case. Franco notes that the Human Rights Ombudsman has sought MINUGUA's help and asks Ambassador for information about Bamaca having been captured alive. Ambassador tells him that we believe Bamaca was captured by the military in March 1992 but his wounds were not life-threatening. We have no information concerning sightings of Bamaca after a few weeks, however. (94 Guatemala 10581)

November 25: Ambassador meets with President De Leon to discuss case. De Leon asks for USG "help" in dealing with the repercussions of the Bamaca case. He said that Bamaca is dead and the case should be turned over to the Historical Clarification Commission (to be established after a final peace accord). The Ambassador emphasizes the need for progress and stresses that the USG expects his full cooperation in the legal/judicial pursuit of the case, including allowing Jennifer Harbury to re-enter Guatemala to pursue her legal cases. (94 Guatemala 10619)

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November 29: GOG files suit against Jennifer Harbury to force her to file civil charges against the Guatemalan government or lose her right to do so in the future. (94 Guatemala 10695) (Note: In a legal victory for Harbury, the case is ultimately dismissed in January.)

Late November/Early December: The Human Rights Ombudsman's staff, accompanied by MINUGUA personnel, interviews military personnel accused of participating in Bamaca's disappearance, including Col. Alpirez. All professed to know nothing about Bamaca's capture or death. (94 Guatemala 10855)

December 1: President De Leon approaches Vice President Gore on the margins of the Zedillo inaugural in Mexico to ask for USG understanding on the Bamaca case.

December 1: Harbury meets with Ambassador McAfee, demanding all USG confidential records without having to file a Freedom of Information Act request and seeking the provision of a USG "witness" to help her prosecute her case. The Ambassador promises to relay Harbury's request to Washington, which she does. (94 Guatemala 10853)

December 2: Ambassador meets with MINUGUA head Leonardo Franco to discuss case. Franco says that the military was cooperative during late November searches of military installations, which MINUGUA observed, and asks for more USG information about the case. Ambassador tells him that the salient facts had already been provided to Ms. Harbury and were in the public domain, adding that the USG does not know for certain whether or not Bamaca is still alive. (94 Guatemala 10855)

December 3: Congressman Bill Richardson and Ambassador discuss Bamaca case with President De Leon, who repeats previous statements to the effect that Bamaca was dead and that there is no evidence of his fate. Ambassador urges that the Human Rights Ombudsman's request to extend his investigation be granted. Ambassador/Richardson meet with Harbury. (94 Guatemala 10924)

December 5: DCM meets with Attorney General Valladares to discuss case, expressing "strong USG support for a comprehensive investigation into Bamaca's whereabouts, to include interviewing both army and guerrilla personnel" and noting that the Human Rights Ombudsman needs more time to complete his investigation. Regarding the GOG's suit against Harbury, the DCM told Valladares that the suit appears to interested parties in the U.S. and elsewhere as an attempt to

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muzzle Harbury and that GOG efforts to question the bona fides of her marriage to Bamaca strike some observers as harassment. (94 Guatemala 11007)

December 5: Embassy officers contact Harbury to discuss the Valladares's discussion of the GOG suit against her. (94 Guatemala 11007)

December 6: ARA officials and U/S Tarnoff discuss case with Guatemalan Foreign Minister de Vielman in Washington; Anthony Lake discusses case with her on 12/7/94. All note the importance of the case and urge that the GOG provide a full accounting of Bamaca's fate. (94 State 331770)

December 7: Embassy officers meet with Harbury to discuss GOG's suit against her and her plans to rebut the charges. (94 Guatemala 11007)

December 9: Embassy officer attends hearing of GOG's suit against Harbury. (94 Guatemala 11232)

December 9: Human Rights Ombudsman concludes 30-day investigation into Bamaca's disappearance without producing any conclusive results. (94 Guatemala 11232)

December 9: Charge speaks with Minister of Government Parinello to ask if Harbury would be permitted to return to Guatemala to continue her search for Bamaca and to cooperate in the GOG's investigation of the case. Parinello says that the decision would be made at a higher level. (94 Guatemala 11232)

December 9 or 10: President De Leon approaches President Clinton at the Summit of the Americas to ask for understanding on the Bamaca case and passes him a document purporting to be a statement from a former guerrilla collaborator stating that Bamaca never knew Harbury. (Embassy notes; original source unclear)

December 20: Harbury meets with NSC official Richard Feinberg, who reiterates that information available to the USG suggests that Bamaca was captured by the military but did not appear to have survived much beyond a few weeks after his capture.

December 22: ARA DAS Patterson meets with Harbury, delivering same message.

December 24: The Departments of State and Defense instruct USCINCSO General McCaffrey to visit Guatemala to discuss the Bamaca case and other issues with Guatemalan MOD. (94 State 340143)

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January 9: Harbury files Freedom of Information Act request with Department of State and other USG agencies. Shortly thereafter, Department decides to process her request on an expeditious basis for humanitarian reasons.

January 12: Embassy officer attends second "jactancia" hearing, the GOG case against Harbury. (Guatemala 802)

January 20: Ambassador discusses case with new Minister of Government Carlos Reynoso Gil. (Embassy records)

January 26: USCINCSO McCaffrey discusses Bamaca case with MOD Enriquez and Chief of Staff Gonzalez Taracena, emphasizing the importance of this and other human rights cases to the USG and urging that the military move forward for the sake of Guatemala's future. He tells MOD and COS that all Guatemalan officers must accept that outside scrutiny is not a violation of national sovereignty. (Guatemala 1248)

January 26: Intelligence report says that according to a Guatemalan government official, "it was known within the senior ranks of the army that Alpirez ... killed Bamaca." The field comment notes that Alpirez was the third commander of the San Marcos military zone when Bamaca was apparently brought there in March 1992. B

January 26:

January 26: Patterson attends the first of several NSC-chaired meetings over the next several days (ARA/CEN's Hamilton attending those that occurred the following week) with reps from NSC, DOJ, CIA and OVP to coordinate inter-agency action. Planning focuses on need to evaluate the intelligence, brief oversight committees, demarche the GOG (with appropriate warning to the source) and to inform Jennifer Harbury. (ARA calendar record)

January 27: ARA Assistant Secretary Watson informs Undersecretary Tarnoff in writing about the January 26 intelligence report on Alpirez,

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January 27: CIA disseminates fifth of its chronologies on the Bamaca case. This contains the January 25 intelligence concerning the possible involvement of Colonel Julio Roberto Alpirez. (Guatemala: Developments in the Bamaca Case, January 27, to which appended: Intelligence Report, Guatemala, Chronology of the Bamaca Case, January 27, 1995)

January 31: DCM discusses case with Solicitor General Acisclo Valladares. (Embassy records)

February 3: CIA begins briefings of oversight committees.

February 3: Department instructs Ambassador to demarche President De Leon to reiterate information contained in November 11 demarche, note that those conclusions had been corroborated by additional information and ask that the GOG reinterview implicated military officers, particularly Alpirez. (State 28652)

February 3: Harbury calls ACS Officer to report unspecified threats against her Guatemalan attorneys. Ambassador instructs Embassy personnel to raise our concern over this with GOG authorities. (Embassy notes)

February 6: Ambassador carries out demarche as instructed, noting "profound concern existing at the highest levels of the USG" about Bamaca's fate, and decrying the absence to date of an in-depth investigation into Bamaca's whereabouts. She tells him that in the time that has passed since the November 11 demarche, the USG has "become even more firmly convinced" that the conclusion that Bamaca had not survived was correct. De Leon reiterates his belief that Bamaca was dead, commits the GOG to make every effort to find Bamaca, and notes that the Historical Clarification should look into the circumstances of his death. Ambassador leaves a written copy of the talking points with De Leon. (Guatemala 1041)

February 7: Ambassador discusses Bamaca with Minister of Defense, delivering talking points contained in demarche given to President De Leon. Enriquez said that he would not voluntarily make Alpirez or other officers available for questioning but would comply with an official summons to do so. Ambassador "again emphasized the importance of resolving the Bamaca case." (Guatemala 1210)

February 8: Ambassador delivers same demarche points to Chief Prosecutor Ramses Cuestas, who replies that Bamaca's alleged capture occurred under a previous administration and asks for more information about officers assigned to the San Marcos -

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military zone in 1992. Ambassador tells him that Santiago Cabrera Lopez had publicly identified several officers, including Alpirez, who should be re-interviewed. (Guatemala 1155)

February 8: Harbury meets with ARA DAS Patterson, who tells her that the USG continues to press the GOG on this case, most recently in the February 6 meeting with De Leon. Harbury asks that her FOIA request be expedited, requests access to classified information, and says she will go back on hunger strike if the U.S. does not impose economic sanctions on Guatemala. Patterson tells her that the information used in the February 6 demarche was based on intelligence sources and thus the State Department could not release it to her except pursuant to a FOIA request. Harbury accuses the USG of deliberately refusing to do anything about Bamaca's capture; Patterson replies that the USG has in fact devoted considerable resources to the case. Patterson reiterates our conclusion that all information available to us suggests that Bamaca did not survive for more than a few weeks beyond his capture, although we have no conclusive evidence about his actual death. (State 40484)

February 9: Letter signed by Anne Patterson on January 25 delivered to Harbury's attorney's messenger in Washington (letter had been mis-sent to Nicaragua desk by mistake and thus not mailed sooner). Letter, addressed to Harbury, recommends that she request documents through the Freedom of Information Act process and encloses information describing provisions for expeditious handling of such requests. The letter states "in all fairness, you should be aware there may be documents responsive to your inquiry which were generated by other U.S. government agencies. Information generated by other agencies cannot be unilaterally disclosed by the State Department. You may therefore wish to consider making FOIA requests to those agencies. Although every effort would be made to release as many State Department documents as possible, we can offer no prior assurances in this regard, particularly with respect to any information that is restricted from disclosure by law for reasons of classification or other applicable criteria." The letter also encloses an authenticated copy of the Department of State's press spokesperson's remarks at the November 14 press briefing containing the same information given to Harbury by Ambassador McAfee orally November 11.

February 9: Ambassador discusses case with MINUGUA director Leonardo Franco to emphasize the continuing need for MINUGUA to assist on the Bamaca case, describing the demarche in general terms. Franco responds positively. (Guatemala 1186)

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February 16: Ambassador and Defense Attache discuss Bamaca case with Acting MOD and Army Chief of Staff General Gonzalez Taracena, encouraging General Gonzalez to support Public Ministry questioning of army officers assigned to San Marcos in 1992, including Col. Alpirez. (Guatemala 1630)

February 17: Ambassador meets with Jennifer Harbury, who asks for details on the Ambassador's latest demarche and confirmation of any kind that Bamaca is dead. Ambassador suggests that she direct her inquiries regarding sensitive information to the Department in Washington but confirms that she met with De Leon and that the Embassy does not think Bamaca is alive because it has received no information to support such an assumption. (Guatemala 1569)

February 17: INR provides Undersecretary Tarnoff with information memorandum updating him on developments in the Bamaca case. (S/S # 9502991)

February 18: DCM discusses case with Public Minister Cuestas, urging interviews of implicated military personnel. Ambassador reiterates this four days later. (Embassy notes)

February 21: Ambassador discusses case with newly-appointed COPREDEH chairman Vicente Arranz. (Embassy records)

February 22: Ambassador and PolCouns meet with former Amb. Robert White to discuss Harbury case. Political section sets up appointments with GOG officials for Amb. White. (Embassy records)

February 23: Ambassador meets with Ambassador White for outbrief on his meetings with GOG officials. (Embassy records)

March 6: Ambassador raised the need for positive movement on the Bamaca case with MOD Enriquez and Chief of Staff Gonzalez Taracena, again stressing the critical importance of resolving it. They were noncommittal; the Ambassador told Gonzalez at a subsequent meeting that day that the U.S. and Guatemala "are on a collision course if no positive action is taken." (Guatemala 1889)

March 7: Ambassador meets with Jennifer Harbury, who asks for the Embassy's help in getting the GOG to allow her to be present at interviews of military officers and in facilitating a meeting between the MOD and Congressman Richardson (the Ambassador tells her that we have already passed the latter request on and promises to pass on the former request, noting

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March 17: Polcouns discusses case with COPREDEH chairman Arranz (Embassy records)

March 17: AMB discusses case with Minister of Government and the President of the Supreme Court (Embassy records)

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March 27, 1995

Case of Michael Vernon Devine
Chronology of Key Events

Note: This chronology is drawn from a review of over 100 mostly non-captioned cables, provided by A/IM/IS/FPC. That office is seeking captioned traffic dealing with the Devine case from S/S-IRM/SRD. This chronology does not draw on other agency reporting, except to the extent that it is reflected in State reporting. However, we have attached as an appendix a chronology prepared by the Defense Attache.

Summary: U.S. citizen Michael Devine was murdered June 6, 1990 near his ranch in Poptun, Guatemala. Embassy Guatemala initially sought investigative assistance from the Guatemala military but quickly concluded that the military itself was likely involved. Thereafter, and until the senior military commanders at the time of Devine's murder were replaced, it pressed its interest with the civilian government, first under President Cerezo and thereafter with Presidents Serrano and De Leon. Goals throughout were to see the killers, intellectual authors and senior officers believed to have covered up the crime punished and, in doing so, to have civilian control exerted over the military. In December 1990 the Department suspended nearly \$12 million of FMF pipeline and new assistance and stopped authorization of the commercial sale of defense items to the Guatemalan military.

A military court convicted five enlisted men for the murder in September 1992 and gave them 30-year sentences, upheld by the Supreme Court. They are still incarcerated. Guatemalan army Captain Hugo Contreras was charged and convicted of complicity in the murder in May, 1993; he was given a 20-year sentence but escaped from military custody the same day. The Embassy has pressed without interruption for the Guatemalan military to find Contreras and recapture him, thus far without success. A Guatemala corporal was given a two-year suspended sentence and token fine for facilitating his escape. We believe that senior officials of the Guatemalan Army ordered the detention and interrogation of Devine, in connection with a case of missing army rifles. We have no evidence that they ordered him killed. Nor do we have evidence that the commanders of the military zone and the base at Poptun knew in advance that Devine would be killed. It appears, based on the views of the Devine family investigators, that Captain Contreras, during the

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investigation of Devine, issued the order to kill him, but it is not clear whether that order was an impromptu decision based on Devine's resistance to interrogation or if it had been directed from above. It is virtually certain that the two colonels (Garcia Catalan and Portillo) who commanded the base from which the five enlisted men operated, were conspirators in the subsequent cover up, as was Col. Alpirez, the commander of the ranger training base at which the enlisted men who killed Devine were housed and fed for two days prior to the murder. No senior officials, including Catalan, Portillo and Alpirez, have been charged with the murder or with the cover up, although under Embassy pressure their careers have been damaged. End Summary.

Comment: The material reviewed provides a number of instances of the Embassy pressing the Government of Guatemala and senior military officials to obtain an honest account from Alpirez, both before and after October 1991 (when the CIA provided an account that Alpirez may have been involved in the killing itself). It does not answer the question what if any action was taken on that particular piece of intelligence. But the cable traffic portrays an aggressive ambassador and embassy staff energetically taking the lead on the case throughout, with an interested Department providing guidance, backstopping and an occasional word of caution. The Embassy appears to have thought throughout, however, that Alpirez was guilty of covering up the crime, not of committing it. There was no testimony at the trial or at any time during the judicial proceedings suggesting that Alpirez was involved in the killing and it does not appear that Mrs. Devine's private investigator or her attorney (who were key to the successful prosecution) developed any information that implicated Alpirez in the murder itself. End Comment.

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June 8: Devine is murdered near his ranch in Poptun, Guatemala.

June 13: Ambassador Stroock asks Minister of Defense Bolanos for aid in investigating the murder. (90 GT 9953)

June 15: Embassy officers meet with private investigator, Carl West, hired by Mrs. Devine. (90 GT 9953)

June 19: DCM meets with head of military intelligence to inquire about progress in investigation. (90 GT 9953)

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June 20: Department instructs Embassy Guatemala (Emb GT) to report status of Guatemalan police investigation and to let appropriate authorities know of Department interest in a thorough investigation. (90 State 199095)

June 23: Ambassador inquires about state of investigation from Army Chief of Staff General Marroquin. (90 GT 9953)

June 26: Emb GT reports having met with Guatemalan national police and military authorities to press for a full investigation. Embassy reports meetings with Mrs. Devine's private investigator (West); her intention is to have West share information he develops with the Embassy. (90 GT 7824)

July 6: Emb GT reports GT military and police investigations appear inactive. Ambassador Stroock raises Emb concerns with Minister of Defense (MOD) Bolanos July 3 and National Police Director Caballeros July 4. Amb gives Bolanos all information he knows about case in writing July 5 or 6. This letter contains information about a white Toyota pickup seen by witnesses outside the Devine ranch the day of the murder; also that witnesses saw the pickup and Devine's van drive away from the ranch together, Devine in his van but not driving. (90 GT 8304, 90 GT 9953)

July 11: DAO asks Chief of Staff Marroquin state of play; is informed an "interim report" has been prepared. Advises Embassy that MOD Bolanos himself will be Embassy point of contact. (90 GT 9953)

July 15: AOD meets again with Marroquin, who reiterates that Bolanos is the appropriate point of contact. (90 GT 9953)

July 16: Bolanos sends Ambassador Stroock July 13 interim report, which says the toyota pickup (see July 6 entry) is not in army inventory; reports police conclusion that murder motive was robbery. (90 GT 9953)

July 16: Charges meets with MOD, telling him Army's inability to locate an easily recognizable vehicle widely known to Poptun residents was "disturbing." (90 GT 9953)

July 19: Emboffs meet with G-2 head Cabrera, with Mrs. Devine, her attorney, among others. (90 GT 9953)

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July 25: Emboff informs Chief of Staff that pickup truck is now painted red. Marroquin says no such vehicle at Poptun base (90 GT 9953)

July 31: Mrs. Devine provides Flores court with information developed by private investigator West. (90 GT 9953)

August 2: DATT meets with G-2 Chief Cabrera, who has nothing to report. (90 GT 9953)

August 3: DATT and Emboff met with Marroquin, reiterating importance Ambassador attaches to credible investigation. (90 GT 9953)

August 7: Ambassador sends letter to MOD Bolanos with names of three army intelligence personnel who could have information on the case. (90 GT 9953)

August 9: Ambassador sends letter to MOD with names of six more individuals, all active duty army personnel assigned in the Poptun area, who might have knowledge of the case. (90 GT 9953)

August 10: Emb GT reports Guatemalan military "may be involved in a cover-up of involvement" in the Devine murder. "If this is true, it calls into serious question the continuation of security assistance." (90 GT 9953)

August 16: Dept commends Embassy for vigorous pursuit of Devine case, agrees GT military is "dragging its feet" and recommends Embassy not provide GOG with further information for the moment in order not to put the information developed by the private investigator in jeopardy of compromise. (90 State 273109)

August 23: Summarizing what's known to date, Emb GT reports to cable captioned for DAS Sullivan that Devine was murdered by team of Guatemalan army enlisted personnel who acted with knowledge of military zone 23 commander Col. Garcia Catalan, in Flores, Peten. Embassy concludes GT Army is covering up, doubts that President Cerezo is aware of the facts. Sets minimum goal of removal/punishment of Col. Garcia and prosecution/conviction of murderers. Reports intention to inform Cerezo August 24. (90 GT 10551)

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August 23: Sullivan replies to Stroock by O-I, agreeing with general approach (of going over head of Bolanos to Cerezo, given that Bolanos is part of coverup) but advising that in light of importance of the issue ARA is preparing instructions to be approved at undersecretary level and instructs Stroock not to raise the subject with Cerezo until he has formal instructions. (90 State 283861)

August 26: Department instructs Emb GT to demarche President Cerezo demanding immediate action to bring killers of Devine to justice, including Col. Garcia. Demands include removal of Garcia from his command, a public announcement by the armed forces that military was involved and further meeting with the President in several days to learn what steps he has taken. (State 287312)

August 27: Stroock reports that, in August 24 meeting, Cerezo raised Devine murder, saying military was not conducting investigation well. (90 GT 10721)

August 29: Emb GT reports receipt of August 24 MOD official note acknowledging Embassy communications and advising that investigation/prosecution is responsibility of judicial authorities, describing legal procedures and pledging military cooperation. Emb comments that note is "transparent attempt to remove the Army from any responsibility for the murder and investigation. (90 GT 10842)

August 30: Emb GT reports second meeting with President Cerezo, who promises removal of Garcia, opening of a full investigation and intent to arrest guilty parties. Public statement to be issued by September 4. (GT 10885)

September 4: Stroock reports assurances from Cerezo August 30 that Garcia would be removed, murderers arrested and army would issue public statement acknowledging likelihood of its involvement. Only Garcia removal has taken place. Embassy recommends series of public/private steps designed to have guilty punished and to "change institutional behavior," requests Dept review/approval. Among others, steps include further demarches, public lodging of formal complaints, recall of the Ambassador, revision of travel advisory, cancellation of official U.S. military visits to GT, delay of NIV processing for GT military personnel and elimination of security assistance. (90 GT 11031)

September 6: Department requests Embassy analysis of its recommended steps on bilateral relationship, other U.S. interests (including civilian transfer of power and peace talks). Agrees BOG has not taken strong action but says it wants to consider carefully best path to achieve goals. (90 State 300581)

September 7: Embassy reports receipt of Cerezo letter military involvement and promising serious

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investigation. (90 GT 11159)

September 8: Dept. sends instructions for Ambassador's
scheduled September 10 meeting with Cerezo: Amb is to
apply private pressure that Cerezo establish a timeline for

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progress in the case, asks Embassy to advise what would be achievable and says it will work with Embassy to develop list of actions USG might take if targets not met. (90 State 302642)

September 10: Embassy reports Amb/DCM meeting September 7 with Foreign Minister Rivera, recapping case. (90 GT 11299)

September 10: Embassy sends evaluation of its proposed action plan as instructed in State 300581, urges strong but measured USG response to lack of progress. (90 GT 11300)

September 11: Embassy reports Cerezo agrees to two benchmarks in Devine case: release of ltr promising action to foreign press and report from Attorney General. (90 GT 11376)

September 13: Dept reports discussion of Devine case with former Minister of Defense Gramajo. (90 State 310408)

September 15: Dept outlines areas for special attention in Embassy's draft human rights report for 1990. (90 State 313168)

September 19: Emb GT reports conclusion of GT deputy human rights ombudsman Alvarez that military was involved in murder of Devine. (90 GT 11844)

September 19: Dept cautions Amb Stroock that using media to bring public pressure on GOG could be counter-productive. (90 State 318679)

September 20: Emb GT reports circumstances of press interview that prompted above caution. (90 GT 11911)

September 25: Emb GT reports issuance of arrest warrants for eight persons for Devine murder, some of them military. (90 GT 12048)

September 25: Cerezo promises Attorney General report that same day. (90 GT 12068)

September 25: MOD Bolanos expresses regret that Devine investigation "had not gone well until now," pledge better effort. (90 GT 12106)

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September 26: Cerezo letter of September 25 outlines actions by Attorney General to make arrests. (90 GT 12145)

October 3: In recap on state of play, Emb GT reports arrest warrants issued for six active duty personnel, two civilians and that five military are in custody. (90 GT 12463)

October 4: Emb GT reports Ambassador expresses concern to FM Rivera over recent death threats to private investigator West. (90 GT 12481)

October 4: Ambassador raises West death threats with MOD. (90 GT 12437)

October 10: Emb GT reports ceding of jurisdiction by civilian to military court (had been expected). (90 GT 12663)

October 11: Amb Stroock urges Cerezo to follow through with prompt resolution of Devine case. (90 GT 12799)

October 17: Embassy reports on ConGen visit to Flores to push authorities there for resolution of Devine case. (90 GT 13042)

November 2: Emb reports on meetings with National police deputy director and Flores zone commander. FBI polygrapher has arrived to begin exams of detainees. (90 GT 13503)

November 5: Emb reports four of six detainees exonerated by polygraph exam; one exam is inconclusive and one detainee gave deceptive replies to material question. (90 GT 13551).

November 6: Emb GT presses military attorney on Devine case, points to actions not yet taken. (90 GT 13589)

November 7: FBI polygrapher amends conclusions, says four of six may have lied. (90 GT 13642)

November 8: Dept commends Embassy pursuit of case, suggests several additional steps, including interrogation of former zone commander Garcia. (90 State 378441)

November 15: Cerezo says Garcia will be interrogated. (90 GT 13917)

December 5: Amb meets President Cerezo, following his personal visit to Poptun, telling him that there has been no real progress in Devine murder. (90 GT 14815)

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December 12: Amb Stroock, following unsatisfactory December 11 meeting with President Cerezo, recommends public statement of impatience signalling military aid cutoff. (90 GT 15010)

December 19: Amb Stroock, on eve of departure for Washington, reports of warning Cerezo again of growing USG impatience. (90 GT 15252)

December 21: Department instructs Embassy to inform President Cerezo of immediate suspension in delivery of military assistance. Affected: FMF pipeline; FY 91 FMF to be provided and issuance of commercial licenses (for military articles). (90 State 430003)

Dec 21: Charge meets with Presidential Press Secretary (Cerezo was unavailable) to inform GOG of immediate suspension of military assistance. (GT 15362)

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Jan 15: Amb sends A/S Aronson suggestions for benchmarks to be met by GOG before military assistance reinstated. (GT 517)

January 31: 1990 Human Rights report on Guatemala released this date states that: "Security forces were also involved in the killing of other civilians. In June a longtime resident, U.S. citizen Michael Devine, was abducted, tortured, and executed near his home in Peten department. Subsequent information showed that army personnel participated in the killing. In September President Cerezo publicly acknowledged the possibility of security force involvement and promised a full investigation. The Human Rights Ombudsman also indicated he had information showing possible military involvement. In September the court in Flores, Peten, issue arrest warrants for eight men, including several soldiers, for suspicion of involvement in the murder. Six men, including five enlisted men, were arrested. Despite repeated requests by the United States for quick action, including the completion of the two outstanding arrest warrants and the formal questioning of former senior officers from the local base, no further steps were taken and the case stalled. As a result, in December the United States suspended military assistance to Guatemala." (Country Reports on Human Rights Practices for 1990)

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Feb 8: Emb reports on FBI polygraph results for six persons detained in Devine murder investigation. Results passed to MinDef and Military Court. (GT 1356)

Mar 8: Emb reports on Amb's meeting with Pres Serrano to deliver summary of witness' statements detailing names and specific actions of military personnel who killed Devine. (GT 2316)

Mar 8: Emb reports on DCM meeting with MinDef to discuss witness' statements identifying military personnel who allegedly killed Devine. (GT 2317)

Mar 8: Emb reports that five military men detained for Devine murder have made statements to Guat Attorney General giving names of two officers who ordered killing and of eight persons who carried it out. (GT 2324)

Mar 15: Emb reports that civilian judge gets notifications of declarations accusing eight active duty military personnel of Devine murder, promptly transfers jurisdiction to military courts. (GT 2605)

April 1: In update, Embassy reports shift of case from Flores military court to Guatemala City military court, pressures from military judicial authorities on the accused to change their stories. (GT 3102)

April 2: Embassy protests "anomalies" in Devine case to Foreign Ministry. (GT 3109)

April 24: Embassy thanks Department and INS for prompt and positive response to requests for authority to resettle family of Devine case witnesses to protect them. (GT 3997)

April 24: US Secretary of Army Stone tells GT MOD Mendoza Devine case will not go away. (GT 4055)

April 29: Emb reports that military court has received original judicial file and is preparing to question the nine persons accused of murdering Devine. (GT 3897)

May 7: Embassy reports detained military personnel are accusing nine people as being Devine's killers. Military court detains five enlisted personnel, puts a captain in a provisional liberty status. (GT 4488)

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May 10: Embassy requests urgent FBI polygraph assistance to test five newly arrested persons accused of Devine murder. (GT 4643)

May 31: Emb reports that Col. Portillo, acting commander of hit squad home base, seeks secret interview to declare his innocence. Also, Col. Alpirez -- commander of Poptun ranger training school where hit squad stayed during Devine operation -- offers to make sworn statement that death squad spent nights of June 6 & 7 at his base. (GT 5404)

June 14: DCM and CG meet with presidential adviser Col. Ortega to discuss Devine case. (GT 5933)

June 14: Dept requests Embassy to confirm its understanding of state of play in Devine case. (State 195794)

June 17: Emb GT reports on conversation with President Serrano involving briefing of him by Mrs. Devine's lawyer. Embassy comment: Unusual step, but probably not a bad idea. (GT 5965)

June 17: Embassy responds to State 195794, urging that USG "stand firm," requiring resolution of Devine case as condition for resuming a normal relationship with GT military. Embassy believes action against Devine was carried out on orders from a senior officer, possibly Colonel Garcia Catalan, perhaps Portillo. (GT 5990)

June 21: Adviser to President Serrano confides concerns of coup possibilities to Ambassador Stroock. Ambassador suspects its a ploy to pry loose suspended FMF. (GT 6161)

June 21: Witnesses identify two Devine death squad members in line-up. (GT 6197)

June 26: Devine attorney meets again with President Serrano; presidential adviser reports veiled coup threats if Serrano presses military too hard on Devine case. (GT 6357)

June 26: Embassy asks for pre-processing of five witnesses in Devine case. (GT 7429)

July 13: Dept is prepared to consider small, potential steps to recognize substantial but partial progress in Devine investigation. (State 228703)

July 26: In Devine case update, Embassy reports "much motion, meager movement." (GT 7436)

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November 12: Emb GT reports Devine case before appeals court. (GT 11404)

November 27: Emb GT requests parole for active duty specialist in Gt army prepared to offer testimony that the squad charged with killing Devine was housed and fed on the Kaibil (ranger training) base in Poptun; that the squad was driving the Toyota pickup truck, that they left the base headed toward the Devine farm at the time other corroborating witnesses saw the truck. Embassy says the declaration provides adequate information to enable Mrs. Devine's attorney to open a case against Col. Alpirez for attempted cover-up of a crime. (GT 12097)

December 2: Emb GT reports on comprehensive review of Devine case in meeting among Amb, DCM, other embassy staff, Guatemalan presidential human rights commission head Neumann and Mrs. Devine lawyer Gonzalez. (GT 12199)

December 17: Embassy recommends that it be authorized to refute in writing to President Serrano comments he apparently made to a NYTimes reporter that the USG had offered visas and other such inducements to potential witnesses as "bribes" for their testimony. (GT 12704)

December 20: Emb GT reports Amb Stroock raised Serrano's comments orally with presidential adviser Neumann. (GT 12844)

December 27: Emb GT reports Charge Taylor's meeting with new MOD Garcia Samayoa to brief him on importance of Devine case, urge better progress. Taylor said chief facts were known: who did the killing and how and the subsequent effort to cover-up. (GT 13049)

1992

January 22: Ambassador discusses Devine case with MOD Garcia Samayoa. (GT 674)

January 22: Ambassador discusses Devine case with new Guatemalan Army Chief of Staff Perussina. (GT 673)

January 22: Emb reports that Court Appeals orders rearrest of Captain Hugo Contreras. (GT 720)

January 22: Ambassador Stroock reports testy exchange with President Serrano, who urged that forthcoming U.S. human rights report note progress in Devine case. (GT 676)

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January 31: Human Rights report for 1991 states that:
"The security forces are virtually never held accountable for human rights violations. With few exceptions, the Government failed properly to investigate, detain, and prosecute perpetrators of extrajudicial and politically motivated killings. Often the army fails to cooperate with police, courts, and prosecutors to bring to justice army personnel involved in abuses. This was particularly evident throughout 1991 in the stalled investigation of the murder of American citizen Michael Devine in 1990."
(Country Reports on Human Rights Practices for 1991)

March 4: Emb GT reports DATT, CG and Devine Attorney Gonzalez meeting March 3 with Army Chief of Staff Perussina. Among other actions that could be taken in Devine case, they urge that Col. Alpirez be instructed to give an honest and complete declaration about what he knows of the case. Gonzalez says a candid declaration by Alpirez could provide all the evidence necessary to convict the guilty parties. Embassy encouraged by positive attitude of Perussina but notes his lack of familiarity with details of the case. (GT 2373)

March 11: Emb reports more legal delays in Devine case. Consul General asks Army Chief of Staff Perussina to help out. (GT 2693)

March 25: MOD Garcia Samayoa tells ambassador in March 24 meeting that, as a result of a "new investigation" into the Devine murder, Col. Alpirez had provided a "new version" of events, which Garcia had heard personally. (GT 3163)

June 5: In an O-I to Amb-designate McAfee, Emb GT gives status report on Devine case that notes, inter alia, that "the base commander where the death squad was housed and fed for two days prior to the crime refuses to acknowledge its presence on his base;" "the log recording all entries/departures from the base during the period of the murder has disappeared;" the army has consistently denied the existence of the pick-up truck used in the kidnapping and continues to deny sworn statements re its disposition. (GT 5865)

June 12: In an update, Emb GT characterizes judicial events as "accelerating but not illuminating." No mention or reference to Alpirez. (GT 6152)

July 1: DCM Philip Taylor departs Guatemala.

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Sept 1: Emb GT reports Ambassador's August 31 meeting with MOD Garcia Samayoa for thorough review of the Devine case. Stroock gives Garcia lengthy list of judicial inadequacies and incidents that suggest military is still not seeking full resolution. MOD indirectly suggested to the Ambassador that other officers (than Contreras) had not acted correctly with this case, and specifically named as examples Colonels Alpirez and Garcia Catalan. Garcia expects judicial decision on Contreras September 25. (92 GT 9196)

Sept 17: Emb GT reports on judicial reconstruction of events September 8-9 (involving participants visiting site). Pages from missing log book at Kaibil base appear, contain no mention of pickup truck, entry/exit of death squad members. Close questioning of Alpirez revealed he had no knowledge of how such reports might have been prepared and typed and Alpirez made a fool of himself in front of Judge Advocate Pantaleon. Other witnesses appeared to be intimidated, did not provide the testimony expected of them. In continuation of the process September 14, "once again...lied about what he knows, claiming the accused were never on his base, nor was the famous white Toyota." Embassy comments that judicial proceedings are limping to a resolution; MOD Garcia and Chief of Staff Perussina have played positive roles but could not compensate for inadequacies of process before they assumed their duties. (92 GT 9799)

Sept 23: Emb GT reports that, on last day for presentation of evidentiary material, witness for Devine family (army enlisted specialist Batz Peruch assigned to Kaibil base) provided testimony exposing the falsity of base commander Col. Alpirez' sworn testimony, opening the way for subsequent charges against him for coverup. Testimony of Batz Peruch states that Alpirez was on the base during this period and, because of base procedures, must have known of the presence of the truck and men from the Santa Elena base. Devine attorney plans to request the military tribunal to initiate legal action against Alpirez for coverup. (GT 10087)

Sept 30: Six army enlisted personnel are convicted in Devine case, sentenced to 30 years. Embassy press release welcomes this development but notes it considers the case unresolved because military superiors were not punished. (GT 12229)

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November 10: Ambassador Stroock departs Guatemala. John Keane assumes charge.

December 14: Visiting ARA DAS Maisto cites Devine case among others in discussion with Acting Foreign Minister of human rights issues. (GT 13122)

December 18: Visiting ARA DAS Maisto, in meeting with Guatemalan Chief of Staff Perussina, says Washington saw two problems with the Devine case: "responsibility of command" and "coverup." Maisto express that no one finds its believable that the enlisted on their own killed Devine, and that everyone is of the opinion that the authorities at the time knew the details of the killing, but for whatever reason chose to cover it up rather than resolve it. (GT 13355)

December 24: Emb GT reports visiting DAS Maisto raising Devine case President Serrano, along with other (more recent) cases. (92 GT 13524)

1993

January 14: Emb reports that judicial errors have delayed progress in the Devine case by nearly three months. (GT 2693)

January 31: Human rights report states that: "Senior officials denounced as improper interference in internal affairs expressions of U.S. Government concern over the court's verdict of "innocent" in the case of an army officer implicated in the murder of American citizen Michael Devine ... On September 30, a military court sentenced six enlisted military men to 30 years for the 1990 murder of American citizen Michael Devine; a captain accused of involvement was found innocent, a decision

appealed by the Attorney General. Two other charges against the captain are still pending. Senior officers involved in covering up the case for two years have not been brought to trial." (Country Reports on Human Rights Practices for 1992)

March 8: Emb GT reports opening of appeals court proceedings in the Devine case. Effective prosecution noted. Defense of enlisted men structured around alleged procedural flaws in case.

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May 13: Captain Contreras convicted for complicity in Devine murder but escapes from custody at a military base the same day. Charge makes strong demarche to an ill-at-ease President Serrano, who speaks of coup tremors. Charge demands arrest of officer who commanded base where Contreras was in custody. (GT 5564)

May 13: Charge gives televised statement expressing deep US disappointment and concern about escape of Captain Contreras. Statement receives wide coverage on networks and in headlines of all print media.

May 14: Charge demands that President Serrano arrest base commander where Contreras was in custody, and provide Embassy with preliminary results of investigation into Contreras' escape. Defense Attache makes similar demarches on MOD and other counterparts. Message is that USG will not conduct business as usual with GT Army while Contreras is at large. To demonstrate seriousness, Charge cancels visit of Deputy Southcom Commander to FC-93, cancels Lt. Gen. Jaco's May 22 visit to Guatemala, cancels U.S. armed Forces Day reception hosted jointly by Charge, Defense Attache and MILGP Commander scheduled for May 22, and cancels CINC's planned June 1 visit. Senior Emboffs warn Guat counterparts of USG sanctions if Contreras is not recaptured, including not accepting visa applications of GT Army officers and their families, and cancellation of FC-94 and other military exercises. (GT 5629)

May 18: Charge raises USG concerns about Contreras escape with Foreign Minister, notes concrete actions taken in response. (GT 5662)

June 13: Ambassador McAfee arrives in Guatemala, assumes charge.

June 25: Ambassador McAfee pays initial courtesy call on MOD MG Perussina. She stresses importance of the Devine case and the rearrest of Captain Contreras as problems that must be resolved before military to military programs can be restored. Perussina describes GOG efforts to apprehend Contreras. (GT 7362)

July 2: Ambassador McAfee pays call on Guatemala's newest MOD, MG Enriquez, who has only held the office for four days. Ambassador raises the Devine Case, and emphasizes the importance of the GT Army providing the U.S. Embassy with a complete investigation of the Army's role in Mr. Devine's murder, and the escape of CPT Contreras. She emphasizes that the GT Army must find CPT Contreras. (GT 7639)

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July 11: In meeting with President De Leon to discuss military assistance, Ambassador McAfee raises the Devine case, pointing out its great symbolic value regarding military impunity. (GT 7836)

July 29: Ambassador visits MOD MG Enriquez, raises the Devine case, and notes that Contreras' escape is still viewed with deep concern in Washington. MOD says that Contreras wishes to return, but not as a scapegoat. Enriquez has asked Supreme Court Chief Justice Rodil to be fair and impartial with Contreras. Ambassador stresses that there can be no deals on a Contreras acquittal. (GT 8910)

August 4: US Army Chief of Staff Sullivan and USCINCSO Joulwan raise Devine case, Contreras' escape during call on MOD Enriquez. General Joulwan tells the MOD that the return of fugitive CPT Contreras would be very helpful and would permit a more cooperative relationship. MG Enriquez responds that the Devine murder hurt both Guatemala as well as the Army, and expressed hope Contreras would be returned as soon as possible. (GT 9148)

August 12: Embassy reports that Court of Appeals denies appeals by the seven soldiers convicted in the Devine murder. (GT 9106)

August 25: Ambassador raises the Devine case with MOD Enriquez, who states that he has no new information. Amb notes that rumors are circulating that Contreras is in Honduras. Enriquez replies "if we knew where he was, he would be standing in front of a military tribunal now." (GT 9757)

September 29-October 1: Following up on a letter received by Embassy from inmate Jorge Guillermo Lemus Alvarado, Embassy HR officer calls the inmate, who claims on the telephone that he has information about Devine murder, Myrna Mack killings and other human rights crimes. Attached to the Lemus letter is a copy of another letter, signed by Lemus and three enlisted soldiers convicted and serving thirty years for the Devine killing, addressed to the OAS Inter-American Commission on Human Rights (Note: The three soldiers are Francisco Solbal Sontay, Oliverio

Orellana and Tiburcio Hernandez y Hernandez. The Embassy later learned that Lemus is in prison for car theft offenses). The letter to the OAS asks that, in return for

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testimony regarding the intellectual authors of the Devine murder, their prison sentences be reduced. HR officer asks Lemus if he has contacted other HR organizations and Lemus replies that other HR organizations have been unresponsive. Lemus tells HR officer he will call him back. (GT 11503)

October 1-4: In his telephone conversations with Embassy HR officer, Lemus volunteers that he is a former cocaine user and alleges that the DEA does not like him. (GT 11503)

October 5-6: HR officer tells Lemus that he need not call the Embassy again because the Embassy will call him if it needs further information about his knowledge of human rights crimes. Lemus claims that he fears he may be killed because of the knowledge he possesses. HR officer advises him to contact the Public Ministry, the Human Rights Ombudsman's office or the Archbishop's Human Rights office if he truly fears his life is danger. (GT 11503)

October 6/7: Lemus tells HR officer that he has spoken to the Public Ministry Criminal Investigations Chief, Claudio Porras about the group's offer for a reduction in sentence for the group in return for details concerning the Devine murder. (GT 11503)

October 11: Prison inmates Solbal, Hernandez and Lemus hold a press conference in which they promise to give details of the Devine and Myrna Mack murders and other human rights crimes in exchange for a reduction in their sentences (Note: Inmate Orellana did not attend the press conference and appears to have disassociated himself from the group. Convicted Myrna Mack killer later disclaims any association with this group and denies having made any statements to them regarding the Mack case). Solbal, who claims that he is a guerrilla deserter, and Hernandez allege that they were members of a fourteen-member death squad unit which took orders from Army Intelligence D-2. The inmates claim that four unnamed officers were involved in the Devine killing and that "a few" of those officers have been promoted to General. (GT 11503)

October 12: Attorney General Telesforo Guerra tells reporters that the government will investigate the charge but that the inmates were attempting to blackmail the government into action contrary to the law. (GT 11503)

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October 12: DCM raises the inmates' charge with the Attorney General, noting strong USG interest in full investigation of any leads which involve the Devine or Mack cases, as well as clandestine cemeteries. Guerra assures DCM that he will augment his staff's efforts by personally interview the inmates. Guerra tells DCM that under Guatemalan law there is no provision for a reduction in sentence under these circumstances and speculates that the inmates' goal was to embarrass the De Leon government. (GT 11503)

October 13: Inmates Solbal and Hernandez retract their earlier statements, claiming Lemus bribed them into making false accusations. Lemus denies these allegations and states that members of the Presidential National Defense Staff had been making various visits to the prison to negotiate with these two ex-soldiers. (GT 11503)

October 13: Embassy makes an initial determination that the low-ranking soldiers would not have had access to hard evidence of involvement in the Devine murder by senior Guatemalan officers and that Lemus, who admits to having no first-hand knowledge of human rights abuses, is a self-promoter who has also failed to convince the Myrna Mack foundation and the OAS of his sincerity. (GT 11503)

October 14: Embassy Human Rights Officer meets with human rights activists who believe the military bribed or threatened the soldiers into retracting their story and that the government, by failing to prevent the military from visiting these soldiers, is not serious in pursuing an in-depth investigations into these allegations of senior military involvement in human rights crimes. (GT 11503)

October 19: Human Rights activist Helen Mack tells Amb McAfee that she believes Solbal and Hernandez do have information about high-level military involvement in past human rights abuses, since she feels they would not have risked their lives by making false accusations. Mack adds that the inmates later chose to remain silent out of fear. According to a transcript read by Mack, the inmates stated that they thought a foreign Embassy was going to provide for their safety and release and a flight from Guatemala in exchange for their revelations. (GT 11747)

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October 29: Consul General meets with Guat Attorney General to discuss protection for soldiers convicted in Devine murder who are now offering new testimony on human rights cases, including Devine. (GT 12123)

December 13: Amb McAfee reports recent meeting with Mrs. Devine and her attorney. Mrs. Devine says she does not intend to pursue further legal action herself. Amb says embassy recently interviewed two of the convicted soldiers following reports that they had further information on this and other human rights cases but found them uncommunicative. DATT notes that Embassy presses MOD on whereabouts of Captain Contreras every time there is an encounter with him. At request of Mrs. Devine, Embassy arranges for visit to her ranch in Peten by Chief of Staff Quilo, to send signal that high command has interest in her safety. (GT 13518)

December 17: Emb reports on Consul General's meeting with prison inmates claiming to have information implicating senior Guat military officers in ordering the Devine killing. Inmates retract earlier statements attributed to them. (GT 13737)

December 18: Amb McAfee presses MOD Enriquez to re-institute search for Captain Contreras. (GT 13756)

December 18: Emb GT reports approach of source claiming to have information relating to whereabouts of Captain Contreras. Embassy doubts his veracity. (GT 13757)

December 30: Amb raises Devine with MOD Enriquez, who says that he is negotiating through an intermediary with Mrs. Contreras to secure Capt. Contreras' return. His plan is to offer Mrs. Contreras financial help for her husband's defense in return for his voluntarily turning himself in. If CPT Contreras did not turn himself in by February 1994, there would be no such help, and instead, a reward would be offered for his capture. (GT 14064)

1994

January 6: Amb asks MOD Enriquez about status of efforts to locate Captain Contreras. (GT 185)

January 11: Consul General raises importance of apprehending Captain Contreras during meeting with senior Supreme Court officials.

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January 19: Serviceman Esteban Arevalo de la Cruz, the brother of a witness who testified against Captain Contreras, meets with CONGEN and informs him that on Jan. 6, another brother and serviceman had been kidnapped, tortured and murdered. Arevalo believes the Devine intellectual authors are responsible for his brother's death. After discussing the details of this crime with the Archbishop's Human Rights Office, the Presidential Human Rights Commission (COPREDEH), Public Ministry and Carl West (the private investigator in the Devine case) and a suspicious shooting of Arevalo in Feb., Embassy requests humanitarian parole for Arevalo and his family. INS approves. On Apr 24 CONGEN escorts Arevalo to the airport for his flight to the US. (GT 2354)

January 31: 1992 Human Rights Report on Guatemala states that: "On May 11, an appellate court sentenced Captain Hugo Contreras to 20 years for planning the 1990 kidnapping that led to the death of U.S. citizen Michael Devine and confirmed the 30-year sentences for six enlisted men. After hearing the verdict, however, Contreras escaped from military custody and remains at large. While the

circumstances of his escape suggest complicity by the military, the only punishment was a 2-year suspended sentence given to an enlisted man for not being at his post when Contreras escaped. Senior officers accused of covering up the crime have not been brought to trial." (Country Reports on Human Rights Practices for 1993)

February 4: Lemus turns over the frequently promised tape of an interview conducted (on February 4) with one of the convicted Devine murderers. At a later meeting, EMBOFFS tell Lemus that: the cassette does not contain any new information; we want his permission to give the tape to the Public Ministry and the lawyer handling the Devine matter (he agrees); the USG is not going to pressure the GOG to reduce the prison sentences of the Devine witnesses nor would the USG pay these witnesses any money; the USG is only going to press the GOG to conduct a full and fair investigation into all human rights matters; and finally he should not represent himself as an agent of the USG. Note: On page 13 of the 17 pages text transcribed from the interview, Solbay states that he heard second-hand from a colleague that LTCOL Alpirez stated that it would not be in our best interest to kill the "gringo" (Devine).

February 22: HR officer meets with Isidro Arevalo de La Cruz and Abraham Ponti Peruch, brothers of Devine witness relatives, who claim they are being intimidated and harassed due to their families' involvement in the Devine matter. On June 20, 1997, the determination by

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Archbishop's Human Rights office that these individuals are in danger, the Embassy recommends that these men and their families be granted humanitarian parole. INS disagrees with the Embassy and the AHRO's determination of the danger involved and denies this request. (GT 2354, GT 2405, GT 5835, GT 6663, GT 8448)

March 14: Amb meets with MOD Enriquez at his request in response to a letter from the Amb asking for an update and further action on the fugitive Captain Contreras, and a status report on the military's investigation of the Devine case. Enriquez reports that he has ordered concerted effort to arrest Contreras. (GT 2832)

May 18: Court of Appeals confirms a two-year suspended sentence and (token) fine against the corporal whose absence from post facilitated the May 1993 escape of Captain Contreras, convicted and sentenced to 20 years imprisonment. (GT 9170, GT 9726)

May 20: Another Devine witness relative, Francisco Batz Hernandez, step-father of Abraham Ponti Peruch, is killed under suspicious circumstances outside the Kaibil Army base. (GT 6663, GT 8448)

June 14: Amb meets with MOD Enriquez, opposes Colonel Garcia Catalan's desire to be promoted, reminds Enriquez of the unsatisfactory progress on capturing Contreras and on completely investigating the Devine murder case. She notes that, as long as Contreras remained free, it would be very difficult to improve the USG relationship with the Guat Army. (GT 5870)

July 13: Former National Police Director Mario Rene Cifuentes tells Embassy about a charge made previously by Lemus and human rights activists that the army sent a "Captain Sosa" to visit the Devine killers and convince them to retract their statements. (GT 6827)

July 19: Amb meets with MOD Enriquez and pressures him to bring Captain Contreras back to justice. The D-2 has been unable to locate him, and the MOD believes that he may no longer be in Guatemala. (GT 6740)

August 2: Poloffs tell LTCOL Noack, Presidential COPREDEH Representative, of the threats against the Devine witnesses and asks him to look into the matter.

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August 23: Amb and visiting DASD Mari-Luci Jaramillo raise the Devine case during meeting with MOD Enriquez. MOD insists that CPT Contreras cannot be found despite D-2's best efforts, but that the Zone Commander at the time of the murder, COL Garcia, will not be promoted to General Officer. (GT 8176)

August 29: Col. Alpirez comes to Embassy and requests assistance of DATT to obtain a visa to transit the U.S. enroute to an official visit to Germany.

August 30: After consultations with DATT, ConGen, Human Rights Officer and DCM, Ambassador decides that DATT should ask Col. Alpirez to withdraw his visa request. After meeting with DATT, Col. Alpirez agrees. B1

September 6: Supreme Court upholds 30-year sentence given the five enlisted men in the Devine murder. (GT 9170, GT 9726)

November 22: Amb raises the Devine case in meeting with MOD Enriquez. Enriquez describes unsuccessful efforts to convince Contreras to turn himself in, and says that all support, including salary payments, to Contreras and his family have been cut off. He also informed Amb that Army would comply with U.S. requests to remove two officers (Col. Cabrera and Col. Alpirez) implicated in the Devine case from Military Zone 10 headquarters at Jutiapa, the site of the future base camp for Fuertes Caminos 95. (GT 10720)

November 23: Carol Devine informs Embassy that Contreras was reportedly sighted in Santo Tomas De Castilla on Guatemala's Atlantic Coast. She suggests that Embassy maintain a watching brief while she attempts to verify reports.

1995

January 26: USCINCSO General McCaffrey visits Guatemala and raises Devine case, among others, with MOD Enriquez, Army Chief of Staff Taracena and President De Leon. (GT 1248)

January 31: Department Human Rights report for 1994 states that: "On May 18, the court of appeals confirmed the 2-year suspended sentence and \$40 fine against the corporal

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whose absence from post facilitated the May 1993 escape of Captain Hugo Contreras, who had just been convicted and sentenced to 20 years in prison killing U.S. citizen Michael Devine in 1990. Captain Contreras remains a fugitive. On September 6, the Supreme Court confirmed the 30-year sentence given the five enlisted men convicted in the Devine murder. However, the Government never brought to trial the senior officers believed to be involved in covering up the crime..." (Country Reports on Human Rights Practices for 1994)

March 10: Department announces suspension of FY 95 IMET for Guatemalan military personnel participating in training programs in the United States. Announcement cites as reason lack of full resolution of a number of human rights cases, including Devine's. (Department press release of that date)

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E.O. 12065: N/A
TAGS: PEPR, PINT, PGOV, PL, UR, CZ, GE
SUBJECT: EIGHTH POLISH PARTY CONGRESS: SPEECHES BY SUSLOV,
BILAK AND VERNER

1. SUMMARY: MIKHAIL SUSLOV, VASIL BILAK AND
PAUL VERNER, THE HEADS OF THE FRATERNAL DELEGATIONS
OF THE CPSU, CPCZ AND SED RESPECTIVELY, ADDRESSED
THE EIGHTH CONGRESS OF THE POLISH UNITED WORKERS
PARTY (PZPR) FEBRUARY 12. (WE ASSUME DEPARTMENT
HAS TEXTS OF THEIR SPEECHES VIA FBIS). NOTEWORTHY
ELEMENTS IN SUSLOV'S SPEECH WERE HIS CORDIAL PRAISE
FOR GIEREK, HIS EMPHASIS ON COMECON INTEGRATION
AS MEANS OF SOLVING ENERGY AND OTHER CURRENT

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ECONOMIC PROBLEMS, AND HIS HARD LINE ON INTERNATIONAL
AFFAIRS, WHERE HE CASTIGATED THE US AND PRC
ON A NUMBER OF COUNTS INCLUDING AFGHANISTAN. SUSLOV
NEVERTHELESS ECHOED BREZHNEV'S RECENT EXPRESSION OF
CONFIDENCE IN THE STRENGTH AND FAVORABLE PROSPECTS OF
DETENTE. BILAK ALSO ASSAILED THE ALLEGED MACHINATIONS
OF IMPERIALIST FORCES ABETTED BY THE CHINESE LEADERSHIP,
INCLUDING THEIR "REACTIONARY PLOT" AGAINST REVOLUTIONARY
AFHANISTAN, FOILED BY THE USSR'S "INTERNATIONAL

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ASSISTANCE." HE, TOO, HOWEVER, PLUMPED STRONGLY FOR DETENTE. VERNER PARROTED SOME OF THE SAME THEMES, INCLUDING STRONG CONDEMNATION OF THE NATO INF DECISION AND ENDORSEMENT OF THE SOVIET ACTION IN AFGHANISTAN, TAKEN, HE SAID, AT THE REQUEST OF AFHAN LEADERS. END SUMMARY.

2. CONVEYING THE CPSU'S APPRAISAL OF THE POLISH SITUATION, SUSLOV ENDORSED THE CLAIM BY FIRST SECRETARY GIEREK AND OTHERS IN THE PZPR LEADERSHIP THAT SIGNIFICANT PROGRESS HAD BEEN ACHIEVED OVER THE PAST DECADE "IN ALL THE MOST IMPORTANT REALMS OF ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT". IN WHAT SEEMS TO US AN EFFUSIVE DECLARATION OF PERSONAL SUPPORT, HE SAID THE SOVIET PARTY CONSIDERED THIS PROGRESS THE RESULT OF THE POLICY PURSUED BY THE PZPR AND ITS CENTRAL COMMITTEE, "HEADED BY THE INDEFATIGABLE FIGHTER FOR THE FLOURISHING GROWTH OF SOCIALIST POLAND, FOR THE TIGHTENING OF COHESION OF THE SOCIALIST COMMUNITY AND THE WORLD COMMUNIST MOVEMENT, OUR FRIEND AND COMRADE, EDWARD GIEREK".

3. SUSLOV SPOKE OF THE NECESSITY OF CONTINUING THE CLOSE SOVIET-POLISH COOPERATION IN ALL

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FIELDS WHICH HE SAID HAD BEEN VERY FRUITFUL DURING THE PAST DECADE, MAINTAINING THAT FURTHER COOPERATION COULD BRING BOTH COUNTRIES EVEN MORE BENEFITS. ESPECIALLY IMPORTANT WERE COORDINATION OF THE 1980-1985 ECONOMIC PLANS AND DEEPENING AND EXPANSION OF CO-PRODUCTION AND PRODUCTION SPECIALIZATION THROUGH THE NEXT DECADE. "SOCIALIST ECONOMIC INTEGRATION" THROUGH COMECON, ACCORDING TO SUSLOV, WAS THE MAIN ROAD TO SOLUTION OF ENERGY AND SOME OTHER DIFFICULT CURRENT ECONOMIC PROBLEMS. HE ASSURED HIS AUDIENCE THAT THE CPSU AND SOVIET NATION WOULD CONTINUE TO SPARE NO EFFORT "TO CONSOLIDATE THE UNSHAKEABLE FRIENDSHIP WITH THE POLISH BROTHERS, WITH THE PEOPLE OF SOCIALIST POLAND".

4. ON INTERNATIONAL AFFAIRS, SUSLOV ALLEGED THAT AS THE THIRD WORLD MOVES TOWARD GREATER ECONOMIC INDEPENDENCE AND AS LIBERATION MOVEMENTS CONTINUE TO ARISE, REACTIONARY AND IMPERIALIST CIRCLES "FUEL UP WAR HYSTERIA AND PREPARE SPECIAL MILITARY FORMATIONS FOR PUNITIVE EXPEDITIONS". TO ENABLE THE UNLIMITED EXPANSION OF THE THEIR MILITARY POTENTIAL, HE CONTINUED, THESE CIRCLES "ARE LAUNCHING YET ANOTHER ANTI-COMMUNIST CAMPAIGN 'JUSTIFYING' BILLIONS IN OUTLAYS FOR THE ARMS RACE WITH THE MYTHICAL 'MENACE' ALLEGEDLY POSED BY THE WARSAW PACT MEMBER STATES".

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P R 151424Z FEB 80
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC PRIORITY 9000
INFO AMEMBASSY BEIJING
AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMCONSUL MUNICH
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
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5. SUSLOV SAW "DEEP CONNECTIONS" BETWEEN "THE
CHINE AGGRESSION AGAINST VIETNAM, THE NATO
DECISION AIMED AT STARTING A NEW ROUND OF THE
ARMS RACE, THE CONCENTRATION OF MIGHTY US MILITARY
FORCES NEAR THE IRANIAN BORDERS, (AND) THE TRAINING
AND TRANSFER OF ARMED GROUPS INTO DEMOCRATIC AFHANISTAN
WHICH COMPELLED THE GOVERNMENT OF THAT COUNTRY TO
ASK THE SOVIET UNION FOR ASSISTANCE". HE ALSO
ACCUSED "BOURGEOIS PROPAGANDA" OF READILY ACCEPTING
AN "INNOVATION" RECENTLY INTRODUCED INTO THE
POLITICAL VOCABULARY BY THE CHINESE LEADERSHIP.
SIMILARLY TO THE "THREATS BY PEKING HEGEMONISTS
TO 'TEACH VIETNAM A LESSON'" HE SAID, ONE NOW
HEARD IN THE US "TALK ABOUT 'TEACHING A LESSON'

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TO IRAN AND RECENTLY EVEN TO THE SOVIET UNION ".
HOWEVER, SUSLOV SAID, NEW FORCES IN THE WORLD WERE
ABLE TO "GIVE AN EFFECTIVE REBUTTAL TO THOSE WHO
PRETEND TO PLAY THE ROLE OF POLICEMAN EITHER ON
THE WORLD OR ON A REGIONAL SCALE".

6. ALL THIS NOTWITHSTANDING, SUSLOV INDICATED THAT
THE "SOCIALIST ALLIANCE" WISHED TO CONTINUE WHAT
HE CALLED THE WARSAW PACT'S "STRUGGLE FOR RESOLVING


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CONTROVERSIAL PROBLEMS BY NEGOTIATIONS, FOR DISARMAMENT AND PUTTING A HALT TO MILITARY CONFRONTATION". HE CONCLUDED WITH AN EXTENSIVE QUOTE FROM BREZHNEV'S RECENT PRAVDA INTERVIEW, INCLUDING THE SOVIET PRESIDENT'S EXPRESSION OF CONFIDENCE IN THE PROSPECTS FOR DETENTE.


7. BILAK LAUDED THE CPSU AND ITS LEADERSHIP FOR THE PARTY'S "STEADFAST LINE", WHICH TOOK INTO ACCOUNT "THE MOST HUMANITARIAN AIM OF MANKIND--(THE) RIGHT TO LIVE IN PEACE." ACCORDING TO BILAK THIS "PEACEFUL MISSION," OF COURSE SUPPORTED BY THE SOCIALIST COUNTRIES, WAS OPPOSED BY "IMPERIALIST AGGRESSIVE FORCES, ESPECIALLY THE US RULING CLASSES," WHO SOUGHT A RETURN TO THE COLD WAR AND, TO JUSTIFY THEIR CONTINUING ESCALATION OF THE ARMS SPIRAL, DECEIVED WORLD PUBLIC OPINION "WITH VARIOUS CONTRIVED SLOGANS ABOUT THE ALLEGED 'DANGER FROM THE EAST', 'SOVIET SUPREMACY,' 'AGGRESSIVENESS OF THE WARSAW PACT COUNTRIES, ETC.'". IN THIS CONNECTION BILAK DECRIED THE NATO DECISION, "UNDER THE STRONG PRESSURE OF THE USA, ON THE PRODUCTION AND DEPLOYMENT OF NEW TYPES OF AMERICAN NUCLEAR MISSILES IN SOME WEST EUROPEAN COUNTRIES." THE PRPONENTS OF THIS DECISION, HE SAID, SOUGHT TO



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VIOLATE THE EXISTING MILITARY BALANCE IN EUROPE AND SHOWED "CONTEMPT FOR PEACEFUL TRENDS" ON THE CONTINENT.

8. BILAK ALSO CONDEMNED EFFORTS BY "IMPERIALIST AND WORLD REACTIONARY FORCES" TO PREVENT "DEMOCRATIC AND REVOLUTIONARY TRANSFORMATION" IN THE THIRD WORLD. STATING THAT THESE EFFORTS WERE CONSIDERABLY ABETTED BY THE CHINESE LEADERSHIP, HE DECLARED FULL SUPPORT FOR THE "JUST, HEROIC STRUGGLE OF THE PEOPLES OF VIETNAM, LAOS AND KAMPUCHEA TO CONSTRUCT A HAPPY SOCIALIST COMMUNITY AGAINST THE AGGRESSIVE ATTEMPTS OF THE PEKING RULINGCIRCLES SUPPORTED BY IMPERIALISTS." BILAK "FIRMLY CONDEMNED" THE "REACTIONARY PLOT OF IMPERIALIST AND PEKING RULERS AGAINST AN AFGHAN NATION WHICH SOUGHT TO IMPLEMENT THE APRIL 1978 REVOLUTION, AND "HIGHLY VALUED" THE "AMPLE INTERNATIONAL ASSISTANCE" GIVEN TO AFGHANISTAN BY THE USSR "AGAINST EXTERNAL AGGRESSION OF COUNTERREVOLUTIONARY FORCES." (IN WHAT MUST HAVE



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P R 151426Z FEB 80
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC PRIORITY 9001
AMEMBASSY BEIJING
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMCONSUL MUNICH
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
USMISSION USNATO

SECTION 3 OF 3 WARSAW 1629

MADE MANY GORGES RISE SOUTH OF THE POLISH BORDER,
THE CZECHOSLOVAK DELEGATE IMMEDIATELY FOLLOWED
THIS REMARK BY RECALLING THAT "IT WAS YOU (THE
POLES) WHO TOGETHER WITH THE OTHER SOCIALIST COUNTRIES
QUITE RECENTLY (SIC) HELPED US SUPPRESS COUNTER-
REVOLUTIONARY FORCES".)

9. BILAK DECLARED THE SOCIALIST COUNTRIES WOULD PREVENT
"THOSE FORCES WHICH TOOK FOR PROFITS AND PREROGATIVES"
FROM POISONING THE INTERNATIONAL ATMOSPHERE. IN
PARTICULAR, HE SAID, "WE WILL NOT ALLOW THE LOFTY,
NOBLE IDEALS OF THE OLYMPIC GAMES TO BE ABUSED."
CZECHOSLOVAKIA AND OTHER SOCIALIST COUNTRIES,
HE CONCLUDED, WOULD CARRY ON WITH THEIR EFFORTS

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TOWARD DISARMAMENT AND PEACEFUL COEXISTENCE, AND
"THE POLICY OF DETENTE MUST BE MAINTAINED IN
INTERNATIONAL LIFE AS THE SUPREME TREND."

10. VERNER WENT OVER MANY OF THE SAME THEMES.
IN THE "COMPLICATED" SITUATION AT THE TURN OF
THE DECADE, HE SAID, AGGRESSIVE US AND NATO QUARTERS
WERE "FIERCELY RESISTING" THE SOCIALIST COUNTRIES'
PEACEFUL POLICY, INTER ALIA VIA THE "PERNICIOUS"

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DECEMBER 1979 DECISION "ON NEW NUCLEAR MISSILES FOR NATO" AND BY CONTINUING THEIR INTERFERENCE IN OTHER COUNTRIES' INTERNATIONAL AFFAIRS. THUS, ACCORDING TO VERNER, THEY HAD MADE A TRANSITION TO A POLICY HOSTILE TO DETENTE, INCITING THE ARMS RACE AND REVERTING TO THE COLD WAR. IN THIS THEY WERE GIVEN MAJOR SUPPORT BY "THE PRESENT LEADERSHIP OF CHINA."

11. VERNER STATED THAT THE ARMS RACE FORCED BY NATO OBLIGED THE GDR, TOGETHER WITH THE USSR AND OTHER WARSAW PACT COUNTRIES TO MAINTAIN AN ADEQUATE DEFENSE POTENTIAL. NEVERTHELESS, THE GDR SUPPORTED MORE DETERMINEDLY THEN EVER "THE TRANSFORMATION OF EUROPE INTO A CONTINENT OF PEACE, GOOD NEIGHBORHOOD AND COOPERATION." FURTHERMORE, ACCORDING TO VERNER, "THE RESULTS ACHIEVED THROUGH DETENTE CANNOT BE WRECKED BY A SINGLE STROKE OF THE PEN OR NOISY ANTI-SOVIET DOCTRINES OR ATTEMPTS AT BLACKMAIL." THE POLICY OF THE SOCIALIST COMMUNITY, HE SAID, REMAINS DIRECTED TOWARD PRESERVING PEACE WHILE REPELLING ANY IMPERIALIST AGGRESSION. IN THIS LAST CONNECTION VERNER, SIMILARLY TO BILAK, ASSURED THE NATIONS OF VIETNAM, LAOS AND CAMBODIA THAT THEY COULD COUNT

[REDACTED]

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ON THE SOCIALIST COUNTRIES' ANTI-IMPERALIST SOLIDARITY. ALSO, HE SAID, THE GDR LEADERSHIP SUPPORTED "THE

STEPS TAKEN BY THE SOVIET UNION AT THE REQUEST OF THE AFGHAN LEADERSHIP" TO ENSURE AFGHANISTAN'S PEACE AND SECURITY.
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ACTION ARA-00

INFO LOG-00 ACDA-15 AID-00 AMAD-01 A-00 CA-02 CCO-00
CIAE-00 SJK-01 CTME-00 C-01 DIM-01 DODE-00 DS-00
FBO-00 HA-09 H-01 IMMC-01 INM-00 INRE-00 INR-01
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FM AMEMBASSY LIMA
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INFO WHITEHOUSE WASHDC
AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMEMBASSY LA PAZ
AMEMBASSY QUITO
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TAGS: PGOV, PREL, ACOA, PE
SUBJECT: LIMA SITREP, 2330Z, APRIL 6

1. (U) SUMMARY: LIMA IS QUIET AND MOST BUSINESS GOES ON AS USUAL. BUT THE CONGRESS, THE COURTS, THE PROSECUTOR AND SOME OTHER GOVERNMENT OFFICES ARE CLOSED DOWN UNDER MILITARY OR POLICE GUARD. A NEW CABINET WAS FORMALLY SWORN IN AT THE END OF THE DAY, WITH OSCAR DE LA PUENTE RAGAYDA MOVING OVER FROM HOUSING TO PRIME MINISTER. PRESS CENSORSHIP/INTERFERENCE IS BEING APPLIED UNEVENLY, BUT SENDERO-EXPERT GUSTAVO GORRITI IS TO BE RELEASED WITHIN THE HOUR FOLLOWING VIGOROUS PROTESTS BY A/S ARONSON. EX-PRESIDENT ALAN GARCIA APPARENTLY REMAINS AT LARGE. END SUMMARY

2. (U) "RADIO PROGRAMAS" REPORTED THAT PRIME MINISTER ALFONSO DE LOS HEROS RESIGNED. THE MINISTER OF JUSTICE IS ALSO RUMORED TO HAVE RESIGNED, BUT THIS IS NOT CONFIRMED.

3. (U) THE NEW CABINET HAS A NUMBER OF CHANGES INCLUDING: DE LA PUENTE MOVING OVER FROM HOUSING TO PRIME MINISTER; ANTONOLI FROM EDUCATION TO LABOR; BLACKER MILLER, BOLONA, MALCA AND BRIONES REMAIN IN MFA, MEF, MOD AND MOI RESPECTIVELY. THE CABINET REPORTEDLY MET EARLIER AT THE ARMY HEADQUARTERS "PENTAGONCITO." NEW DECREES ARE ALSO EXPECTED FROM THE 6 PM MEETING.

4. (U) CONTRARY TO EARLIER RUMORS, THE ARMY DOES NOT NOW PLAN TO ENFORCE A CURFEW, DUE TO THE LACK OF NEGATIVE REACTION FROM THE POPULATION. THE ARMY DOES BELIEVE THAT SCHOOLS WILL CONTINUE CLOSED AT LEAST THROUGH TOMORROW.

5. (U) THE CONGRESS, THE COURTS, THE PUBLIC MINISTRY, THE COMPTROLLER, AND SUPERINTENDENCY OF BANKS AND OTHER GOVERNMENT ENTITIES ARE COMPLETELY SHUT DOWN. LIMA STREETS REMAIN CALM.

6. (U) REPORTS FROM THE PROVINCIAL CITIES OF TRUJILLO IN THE NORTH AND PUNO IN THE SOUTH, INDICATE THE POLICE AND MILITARY CONTROL ALL PUBLIC BUILDINGS. PRIVATE INDUSTRY AND TRANSPORTATION, HOWEVER, APPEAR TO BE FUNCTIONING NORMALLY IN BOTH CITIES.

7. (U) OFFICIAL CENSORSHIP IS BEING IMPOSED SELECTIVELY. LEFTIST NEWSPAPER "LA REPUBLICA" PUBLISHED ITS APRIL 6 EDITION WITH PAGES 2 AND 3 BLANK. "LA REPUBLICA" CONFIRMS THAT THOSE PAGES HAD CARRIED REACTIONS TO THE COUP, BUT THAT THE MILITARY ORDERED THE MATERIAL DELETED AND CHECKED THE EDITION AS IT CAME OFF THE PRINTING PRESSES.

8. (U) THE POPULAR NEWS CHANNEL "RADIO PROGRAMAS" WAS TAKEN OFF THE AIR BRIEFLY LAST NIGHT, BUT HAS RESUMED BROADCASTING ON APRIL 6. "RADIO PROGRAMAS," HOWEVER, PUBLICLY BROADCAST

ITS PROTEST OVER THE PRESENCE OF MILITARY PERSONNEL IN ITS STUDIO AND THE CENSORSHIP OF ITS NORMAL, MORNING CALL-IN PROGRAM. "RADIO PROGRAMAS" IS LIMITING ITS POLITICAL REPORTING TO READING NEWSPAPER HEADLINES, WITHOUT COMMENTARY.

9. (U) PRO-APRA RADIO CHANNEL "ANTENNA UNO" WAS ALSO TAKEN OFF THE AIR LAST NIGHT, BUT HAS RESUMED BROADCASTING. IN AN UNCONFIRMED REPORT, MILITARY PERSONNEL ENTERED THE STATION WHILE LIBERTAD DEPUTY PEDRO CATERIANO WAS BEING INTERVIEWED AND REMOVED HIM FROM THE STATION BY FORCE.

10. (U) UPI REPORTS THAT MILITARY PERSONNEL ARE OCCUPYING THEIR OFFICES AND THAT INTERNATIONAL DISPATCHES ARE BEING CENSORED. UPI REPORTS THAT ONE NEWSPAPER AND ONE RADIO STATION (NOT FURTHER IDENTIFIED) HAVE BEEN CLOSED DOWN.

11. (U) "APOYO," PUBLISHERS OF "SEMANA ECONOMICO" AND "PERU ECONOMICO", BOTH OF WHICH CONTAIN MAJOR POLITICAL CONTENT, REPORT THAT THEY HAVE NOT YET BEEN SUBJECTED TO CENSORSHIP, BUT EXPECT IT AT ANY TIME.

12. (U) FIN DEPUTY "POPY" OLIVERA, BEST KNOWN FOR HIS ATTEMPTS TO PRESS CORRUPTION CHARGES

AGAINST FORMER PRESIDENT ALAN GARCIA, HAS HAD SEVERAL PHYSICAL CONFRONTATIONS WITH POLICE OR MILITARY. EARLY APRIL 6, OLIVERA ATTEMPTED TO ENTER THE CONGRESS BUILDING BUT WAS TURNED AWAY BY MILITARY, AND APPARENTLY STRUCK REPEATEDLY WITH RIFLE BUTTS. ON RETURNING TO HIS HOME, HE

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 THEN ENGAGED IN A SHOUTING MATCH WITH POLICE WHO
 HAD TAKEN UP SURVEILLANCE OF HIS RESIDENCE.
 OLIVERA ATTEMPTED TO ORDER THE POLICE AWAY,
 WITHOUT SUCCESS.

13. ~~101~~ SOME 40 PROTESTORS GROUPED ABOUT THE
 HOUSE OF LOWER HOUSE PRESIDENT RAMIREZ WERE
 GASSED AND CLUBBED ABOUT NOON, INCLUDING A FEW
 DEPUTIES. RAMIREZ AND SENATE PRESIDENT
 OSTERLING ARE CONCERNED THAT THEY MAY BE TAKEN
 INTO CUSTODY AND MOVED TO CALLAO. SENATOR
 MOREYRA HAS NOT BEEN ARRESTED, BUT IS IN HIDING.

14. ~~101~~ ENRIQUE ZILERI, EDITOR OF THE
 INFLUENTIAL NEWS MAGAZINE "CARETAS", TOGETHER
 WITH HIS DEPUTY, ARE IN HIDING. BOTH FEAR THEY
 WILL BE TARGETED BECAUSE OF THEIR MEDIA CAMPAIGN
 AGAINST PRESIDENTIAL ADVISOR MONTESINOS.

15. ~~101~~ PRESIDENT OF THE SENATE OSTERLING
 UNDER HOUSE ARREST TOLD A/S ARONSON BY PHONE
 THAT THE CONGRESSIONAL LEADERSHIP ALREADY
 DECLARED THE PRESIDENCY VACANT AND APPOINTED
 VICE PRESIDENT SAN ROMAN TO THE JOB. OTHER
 MEMBERS STILL AT LARGE APPARENTLY INTEND TO HOLD

A SECRET MEETING THIS EVENING DURING WHICH THEY
 WILL ALSO DECLARE THE PRESIDENCY VACANT.
 MOREOVER, SOME MEMBERS OF CONGRESS NOT UNDER
 ARREST OR IN HIDING ARE RUMORED TO BE
 CIRCULATING A DOCUMENT DECLARING THE PRESIDENCY
 VACANT.

16. ~~101~~ GUSTAVO GORRITI, JOURNALIST AND
 SENDEROLOGIST, IS BEING DETAINED AT THE COMMANDO
 CONJUNTO FOR "A RIGOROUS INTELLECTUAL DISCUSSION
 OF HIS WRITINGS." ACCORDING TO GORRITI'S WIFE,
 ESTHER, THE SPANISH AMBASSADOR INTERVENED ON HIS
 BEHALF, ASKING THAT HE BE RELEASED, BUT WAS TOLD
 THAT IT WILL NOT BE POSSIBLE TO RELEASE GORRITI
 FOR THE NEXT FEW DAYS. THE MILITARY DID NOT
 RESPOND TO THE SPANISH AMBASSADOR'S REQUEST TO
 INTERVIEW GORRITI PERSONALLY AND DETERMINE FIRST
 HAND HIS PHYSICAL CONDITION. A/S ARONSON
 INTERVENED REPEATEDLY WITH THE FOREIGN MINISTRY
 FOR GORRITI'S RELEASE; WHICH WE ARE ASSURED WILL
 TAKE PLACE WITHIN THE HOUR.

17. THE ARGENTINE AMBASSADOR BEEN RECALLED TO
 BUENOS AIRES FOR CONSULTATIONS. NOTE:
 AMBASSADOR LICASTRO WAS ALREADY IN BUENOS AIRES
 ON VACATION, BUT HIS STATUS HAS BEEN OFFICIALLY
 CHANGED. ACCORDING TO THE ARGENTINE EMBASSY,
 PRESIDENT MENEM EITHER HAS, OR SOON WILL, ISSUE
 A VERY STRONG STATEMENT CONDEMNING THE COUP.

18. ~~101~~ THE CANADIAN EMBASSY REPORTS THAT
 ABOUT 15 POLICE REQUESTED TO ENTER THE RESIDENCE

OF A CANADIAN EMBOFF WHO LIVES NEXT DOOR TO ALAN
 GARCIA'S RESIDENCE. THE EMBOFF'S MAID AND GUARD
 DENIED PERMISSION, THE POLICE SEIZED THE GUARD'S
 REVOLVER AND RADIO AND SEARCHED THE HOUSE. THEY
 LOOKED INTO ANYTHING LARGE ENOUGH FOR A MAN TO
 HIDE IN. FOLLOWING THE SEARCH THEY RETURNED THE
 GUN AND RADIO AND LEFT THE RESIDENCE. NOTHING
 APPARENTLY WAS TAKEN.

19. ~~101~~ FORMER MINISTER OF INTERIOR SPOKESMAN

TOLD USIS IC THAT GARCIA HAS NOT/NOT BEEN
 DETAINED. HE CLAIMS THAT GARCIA IS
 "DISAPPEARED." HE WAS APPARENTLY TIPPED OFF
 JUST IN TIME TO MAKE GOOD HIS ESCAPE. HIS WIFE
 WAS NOT SO LUCKY; UPON RETURNING TO THE COUNTRY
 TODAY SHE WAS REPORTEDLY ARRESTED.

20. ~~101~~ APRA SOURCES ALSO CONFIRMED THAT
 FORMER MINISTERS MANTILLA AND SALINAS ARE IN
 CUSTODY. THEIR EXACT WHEREABOUTS ARE UNKNOWN.
 APRA COLLEAGUES BELIEVE THEY ARE BEING HELD IN
 THE RIMAC UNIT, BUT HAVE NOT BEEN ABLE TO SEE OR
 COMMUNICATE WITH THEM.

21. ~~101~~ FORMER MINISTER OF INDUSTRY, GUIDO
 PENNANO, WHO NOW RUNS "MEDIO CAMBIO" A WEEKLY
 ECONOMIC PUBLICATION, REPORTS THAT THE MAGAZINE
 HAS NOT YET BEEN SUBJECT TO CENSORSHIP, BUT THAT
 HE HAS BEEN SERVED WITH AN OFFICIAL GOVERNMENT

COMMUNIQUE ADVISING THAT FREEDOM OF THE PRESS
 HAS BEEN SUSPENDED AND THE CRITICISM OF
 GOVERNMENT POLICY IS NO LONGER ALLOWED.

22. ~~101~~ PENNANO ALSO OFFERED HIS OPINION THAT
 THE COUP WOULD DRASTICALLY AFFECT PERU'S
 ECONOMIC RECOVERY PROGRAM, PARTICULARLY
 PRIVATIZATION OF PARASTATAL INDUSTRIES. WHO, HE
 ASKED WOULD BUY A GOVERNMENT INDUSTRY FROM A
 GOVERNMENT OF QUESTIONABLE LEGALITY. PENNANO
 THOUGHT THERE WOULD BE MAJOR CHANGES IN BOTH THE
 CABINET, TO MAKE ROOM FOR MILITARY
 PARTICIPATION, AND IN THE CENTRAL BANK LEADERSHIP.

23. ~~101~~ ALL CELLULAR PHONES REPORTEDLY HAVE
 BEEN SHUT DOWN. THIS FURTHER RESTRICTS
 COMMUNICATION AMONG OPPOSITION POLITICIANS IN
 HIDING.

24. ~~101~~ AIR FORCE SOURCES INDICATE THAT THE
 COUP HAS BEEN IN PLANNING AT THE HIGHEST LEVELS
 FOR AT LEAST A MONTH. THE AIR FORCE IS
 CONFIDENT THAT FUJIMORI'S ACTIONS HAVE THE TOTAL
 SUPPORT OF THE HIGH LEVEL OFFICERS, AND IS
 REASONABLY CONFIDENT THAT MID LEVEL OFFICERS
 WILL GO ALONG. MILITARY COUP PLANNERS EXPECT A
 STRONGLY NEGATIVE INTERNATIONAL REACTION,
 PRINCIPALLY FROM THE U.S. AND INTERNATIONAL
 INSTITUTIONS, BUT DON'T EXPECT IT TO LAST LONG.
 AIR FORCE OFFICERS RATIONALIZE THE COUP ON THE
 GROUNDS THAT THE SOCIETAL INSTITUTIONS WERE

DISINTEGRATING AND THEY CHOSE TO TAKE OFFENSIVE
 ACTION RATHER THAN WAITING FOR TOTAL CHAOS TO
 OVERTAKE THE COUNTRY. THEY CITED THE RECENT
 RELEASE OF 157 SENDERO LUMINOSO TERRORISTS FROM
 PRISON AND SENTENCE REDUCTIONS OF ANOTHER 200
 SENDERISTAS AS EVIDENCE OF THE TOTAL BREAKDOWN
 OF THE JUDICIAL SYSTEM. (NOTE: THE NUMBERS ARE
 WRONG BUT THEY HAVE THE PHENOMENA RIGHT.)

25. (U) CHAMBER OF DEPUTIES PRESIDENT BOBBY
 RAMIREZ REMAINS UNDER HOUSE ARREST, BUT NOT
 INCOMMUNICADO. HE HAS ISSUED STATEMENTS FROM
 HIS HOME CONDEMNING THE COUP.

26. (U) SENATE PRESIDENT FLORE OSTERLING, ALSO
 UNDER HOUSE ARREST, HAS PUBLICLY STATED THAT
 THE PEOPLE SHOULD MAKE USE OF THEIR CONSTITUTIONAL
 RIGHT OF INSURRECTION. (NOTE: ARTICLE 82 OF

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THE 1979 CONSTITUTION STATES THAT "NO ONE SHOULD OBEY AN USURPER GOVERNMENT, NOR THOSE WHO ASSUME THOSE FUNCTION, NOR GOVERNMENT EMPLOYEES IN VIOLATION OF THE PROCEDURES IN THE CONSTITUTION AND ESTABLISHED LAWS. ALL ACTS OF AN USURPER AUTHORITY ARE NULL. THE PEOPLE HAVE THE RIGHT OF INSURRECTION IN DEFENSE OF THE CONSTITUTIONAL ORDER.")

27. ~~10~~ OPPOSITION POLITICIANS NOT YET DETAINED THEMSELVES HAVE BEEN MAKING THEIR WAY TO OSTERLING'S HOUSE, WHERE THEY HAVE BEEN ALLOWED TO TALK TO HIM THROUGH THE GATE, BUT NOT

ENTER. THE OSTERLING HOUSE IS ALSO SURROUNDED BY AT LEAST 40 POLICE PERSONNEL. WATER CANNON TRUCKS HAVE BEEN STATIONED IN FRONT OF THE HOUSE AS WELL.

28. ~~10~~ LIBERTAD PARTY ISSUED A COMMUNIQUE CATEGORICALLY CONDEMNING THE FUJIMORI COUP. LIBERTAD ALSO NOTES THAT NO ONE IS REQUIRED TO OBEY A USURPER GOVERNMENT. THEY PARTY CALLED FOR AN IMMEDIATE MEETING OF CONGRESS AND RETURN TO THE RULE OF LAW. IT CALLS ON CONGRESS TO PROCEED WITH AN INDICTMENT OF FUJIMORI FOR UNCONSTITUTIONAL DISSOLVING THE CONGRESS. THEY UNDERLINED THAT THE CONSTITUTION CANNOT LOSE ITS AUTHORITY BY BEING ILLEGALLY MODIFIED OR BY AN ACT OF FORCE. THEY CALL UPON ALL CITIZENS TO HELP IN THE REESTABLISHMENT OF THE CONSTITUTIONAL REGIME. THOSE CIVILIANS AND MILITARY RESPONSIBLE SHOULD BE JUDGED UNDER THE CONSTITUTION. LIBERTAD EXHORTS THE INTERNATIONAL COMMUNITY TO HELP IN THE RESTORATION OF DEMOCRATIC AND CIVIL ORDER.

29. (U) BANCO CCC ANNOUNCED THAT DUE TO CIRCUMSTANCES BEYOND THEIR CONTROL THAT THEY WOULD NOT BE ABLE TO PAY BACK THEIR DEPOSITORS, AS ANNOUNCED LAST WEEK. THEY HAD DEPENDED ON A GOVERNMENT PROMISE OF A \$30 MILLION LOAN TO PAY DEPOSITORS. THE CLEAR IMPLICATION IS THAT THE GOVERNMENT HAS WITHDRAWN THIS PLEDGE AND IS WILLING TO ALLOW THE DEPOSITORS TO REMAIN UNPAID.

30. ~~10~~ LUIS BABA MAKAG, JAPANESE-PERUVIAN PRESIDENT OF INVERSIONES COFIDE (ESSENTIALLY THE MANAGEMENT OF THE GOVERNMENT'S STOCK PORTFOLIO) AND A CLOSE PERSONAL CONFIDENT OF PRESIDENT FUJIMORI'S, TOLD EMBOFFS THAT THE GOVERNMENT EXPECTED A STRONG NEGATIVE REACTION FROM THE WORLD BANK, IDB AND THE U.S. HE NOTED THAT BOTH ARGENTINA AND VENEZUELA HAVE ISSUED STRONG STATEMENTS AGAINST "THE DEVELOPMENTS." HE SUGGESTED THAT BOTH THE PRIME MINISTER AND MINISTER OF JUSTICE WOULD LEAVE THE CABINET.

31. ALFONSO BARRANTES, EX MAYOR OF LIMA AND FORMER UNITED SOCIALIST CANDIDATE FOR PRESIDENT, HAS ANNOUNCED THAT PERUVIANS SHOULD NO LONGER REFER TO PRESIDENT FUJIMORI AS "PRESIDENT", BUT RATHER AS "DICTATOR."

32. ~~10~~ SODE (SOLIDARITY AND DEMOCRACY) PARTY SENATOR AURELIO LORET DE MOLA WAS EARLIER UNDER HOUSE ARREST, BUT IS NOW AT LIBERTY.

33. (U) LUIS ALBERTO SANCHEZ, APRA VICE PRESIDENT UNDER ALAN GARCIA, INTERVIEWED ON

BOGOTA RADO, ANNOUNCED THAT ALAN GARCIA WAS UNDER ARREST AT JOINT COMMAND HEADQUARTERS. HE COMPARED PRESIDENT FUJIMORI TO SADAM HUSSEIN.

34. THE CENTRAL BANK AND THE SUPERINTENDENCY OF BANKS ARE CLOSED. BANKS, HOWEVER, REMAIN OPEN.

35. THE LEADERSHIP OF THE PRIVATE BUSINESSMEN'S ASSOCIATION, CONFIEP, MET FOR THREE HOURS THIS MORNING. THEY DECIDED THAT THE PRESENT SITUATION WAS TOO CONFUSED TO ISSUE ANY DECLARATIONS. THEY WILL ANALYZE THE SITUATION IN GREATER DEPTH AND MEET AGAIN TOMORROW. ACCORDING TO TWO SOURCES, THE BUSINESS LEADERS ARE SYMPATHETIC TO FUJIMORI'S DECISION BUT CONCERNED ABOUT ITS IMPLICATIONS FOR RELATIONS WITH THE U.S., EUROPEANS AND THE INTERNATIONAL FINANCIAL INSTITUTIONS.
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TAGS: PREL, MU, XX, OVIP (HABIB, PHILIP C.)

SUBJECT: AMB. HABIB'S MEETINGS WITH LEADERS OF THE NICARAGUAN DEMOCRATIC RESISTANCE

1. SECRET - ENTIRE TEXT.

2. SUMMARY. ON FEBRUARY 27, AMB. HABIB AND DAS WALKER MET SEPARATELY WITH UNO LEADERS CRUZ, ROBELO, AND CHAMORRO, AND WITH BOS LEADERS CESAR, JEREZ, AND RIVERA. HABIB WELCOMED THE ARIAS INITIATIVE WHOSE FOCUS WAS ONE DEMOCRATIZATION IN NICARAGUA. UNFORTUNATELY, THE ARIAS PROPOSALS HAD DEFICIENCIES AND OMISSIONS AS WELL AS SOME PROBLEMS WITH SEQUENCE. CRUZ SAID THERE WAS AN URGENT NEED FOR THE UNITED STATES AND THE RESISTANCE TO AVE A CREDIBLE NEGOTIATING TRACK AND WELCOMED THE ARIAS PLAN.

INITIATIVE TO ARIAS, BUT THE PROPOSALS ANNOUNCED AT THE SUMMIT WERE FAR DIFFERENT THAN WHAT HE HAD HAD IN MIND. UNO HAD ENDORSED THE ARIAS PROPOSALS BEFORE IT KNEW THE SPECIFICS. ROBELO STRESSED THAT THERE HAD TO BE TALKS BETWEEN THE SANDINISTAS AND THE RESISTANCE TO WORK OUT THE TERMS OF A CEASE-FIRE. ONCE THE FIGHTING HAD STOPPED, UNO LEADERS WOULD PARTICIPATE IN THE INTERNAL DIALOGUE AS MEMBERS OF THE URMARRE OPPOSITION. CRUZ

NOTED THE IMPORTANCE OF RETAINING CONTADORA.

3. CESAR SAID THAT HE WELCOMED THE ARIAS PROPOSALS AS A NEW ELEMENT IN THE NEGOTIATIONS. IF A CEASE-FIRE TOOK EFFECT, THE SANDINISTAS WOULD HAVE NO EXCUSE TO CONTINUE THE STATE OF EMERGENCY AND REBEL LEADERS COULD RETURN AND JOIN IN THE NATIONAL DIALOGUE. CESAR SAID THAT BOS DID WANT TALKS WITH THE SANDINISTAS TO NEGOTIATE THE TERMS OF A CEASE-FIRE; IT WAS PREPARED TO ACCEPT THE USE OF INTERMEDIARIES. JEREZ STATED THAT IT WAS NECESSARY TO LINK THE ARIAS PROPOSALS TO CONTADORA OR MEXICO WOULD OPPOSE IT. CESAR SAID THAT IT WAS IMPORTANT TO HAVE UNITY AMONG THE CENTRAL AMERICAN DEMOCRACIES, THE UNITED STATES, AND THE RESISTANCE. END SUMMARY.

4. ON FEBRUARY 27, AMB. HABIB AND DAS WALKER MET AT UNO HEADQUARTERS IN MIAMI WITH THE LEADERS OF THE NICARAGUAN DEMOCRATIC RESISTANCE. THEY FIRST MET FOR NEARLY TWO HOURS WITH THE LEADERSHIP OF UNO: ARTURO CRUZ, ALFONSO ROBELO, PEDRO JOAQUIN CHAMORRO, LEONARDO SOMARIBA, CARLOS

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ULVERT, AND ERNESTO PALACIOS. HABIB OPENED BY COMMENTING THAT THIS WAS A VERY ACTIVE PERIOD IN THE NEGOTIATING TRACK, SUCH AS THE TRIP TO CENTRAL AMERICA OF THE

EC MINISTERIAL IN GUATEMALA (SAN JOSE 113), THE ARIAS PROPOSALS, THE CIVIC OPPOSITION'S 7-PARTY PLAN, AND, OF COURSE, THE ACTIVITIES OF NUMEROUS MEMBERS OF CONGRESS.

5. HABIB SAID THAT THE USG WELCOMED THE ARIAS INITIATIVE AND BELIEVED THAT ITS FOCUS ON DEMOCRATIZATION IN NICARAGUA WAS CORRECT. HE STRESSED THAT DEMOCRACY IN NICARAGUA WAS PRECISELY THE GOAL OF THE UNITED STATES. HE SAID THAT ARIAS HAD TOLD HIM THAT THE PURPOSE OF THE PROPOSALS WAS TO BOX IN THE SANDINISTAS AND COMPEL THEM TO OPEN THE POLITICAL SYSTEM (WHICH ARIAS ASSUMED WOULD RESULT IN THEIR DOWNFALL) OR BE EXPOSED TO THE WORLD AS INTRANSIGENT MARXIST-LENINISTS. UNFORTUNATELY, THE ARIAS PROPOSALS HAD SOME DEFICIENCIES AND OMISSIONS AS WELL AS SOME PROBLEMS WITH SEQUENCE. AS NOW DRAFTED, IT WAS FRONTLOADED IN FAVOR OF THE SANDINISTAS. HABIB EXPAINED THAT ARIAS HAD ASSURED HIM THAT THE PROPOSALS WERE JUST A DRAFT AND THAT WHILE HE WOULD REMAIN FIRM ON THE POLITICAL ELEMENTS, HE WAS PREPARED TO REVISE THE SECURITY ELEMENTS. HABIB ADDED THAT PRESIDENTS AZCONA AND DUARTE ALSO HAD RESERVATIONS ABOUT THE ARIAS PROPOSALS THAT WERE SIMILAR TO OUR OWN. HABIB NOTED THAT IT WAS IMPORTANT NOT TO TORPEDO CONTADORA, AS IT WAS MORE COMPETENT THAN THE ARIAS PLAN AND INVOLVED THE MAJOR LATIN NATIONS. HE SAID HE HAD COME TO LEARN UNO'S POSITION ON

THE ARIAS PROPOSALS, CONTADORA, AND NEGOTIATIONS IN GENERAL.

6. CRUZ RESPONDED THAT HE BELIEVED THAT THERE WAS AN URGENT NEED FOR THE UNITED STATES AND THE RESISTANCE TO HAVE A CREDIBLE NEGOTIATING TRACK. HE SAID THAT MEMBERS OF CONGRESS HAD COMPLAINED THAT THE ADMINISTRATION HAD JUST USED HABIB LAST YEAR TO GET THE DOLS 100 MILLION AID PACKAGE AND HAD NOT ALLOWED HIM TO SEEK ACTIVELY A NEGOTIATED SOLUTION. HE WELCOMED THE ARIAS PLAN AND AGREED THAT CONTADORA MUST BE RETAINED, BUT DOMINATED BY THE CENTRAL AMERICANS THEMSELVES. HE STRESSED THAT DIPLOMATIC EFFORTS MUST NOT BE COSMETIC; ALL POSSIBILITIES TO REACH A COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS AGREEMENT MUST BE EXHAUSTED.

7. ROBELO THEN RECOUNTED THE HISTORY OF THE ARIAS PROPOSALS. HE SAID THAT LAST FALL, HE HAD SUGGESTED TO ARIAS THAT COSTA RICA TAKE THE LEAD IN PROPOSING A PLAN WITH SPECIFIC REQUIREMENTS AND DEADLINES FOR ALL PARTIES INVOLVED IN THE NICARAGUAN CRISIS. THIS PLAN COULD BE SUPPORTED BY ALL FOUR OF THE CENTRAL AMERICAN DEMOCRACIES. ARIAS HAD REPLIED THAT HE COULD ONLY DO SO IF GUATEMALA WERE ON BOARD. IF ONLY EL SALVADOR OR HONDURAS JOINED HIM, HE "WOULD GET BURNED." ARIAS HAD EXPLAINED THAT THEY WERE INVOLVED IN MILITARY ACTIVITIES AGAINST NICARAGUA, AND HE WANTED TO PROTECT COSTA RICA'S "VIRGINITY" BY STICKING TO POLITICAL PRESSURE. ARIAS ALSO HAD COMPLAINED THAT THE UNITED STATES KEPT TRYING TO GET HIM INVOLVED IN SUPPORTING THE RESISTANCE'S MILITARY ACTIVITIES AND DID NOT UNDERSTAND THAT HE HAD TO DEFEND COSTA RICA'S IMAGE, PARTICULARLY IN VIEW OF THE ICG CASE.

8. ROBELO SAID THAT IN LATE NOVEMBER, HE HAD A FOLLOW-UP DISCUSSION WITH ARIAS, RODRIGO ARIAS, JOHN BIEHL, AND ALFREDO CESAR. ARIAS AGREED AT THAT TIME TO UNO TAKE SUCH AN INITIATIVE, AND ROBELO TRAVELED TO MIAMI WHERE HE PUT HIS IDEAS INTO WRITING. ROBELO PROVIDED RO RIGOROUS WITH A DRAFT PLAN WHICH PROVIDED FOR THREE STAGES OF DIALOGUE: BEGINNING WITH TALKS BETWEEN THE SANDINISTAS

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AND THE RESISTANCE TO ESTABLISH THE TERMS OF A CEASE-FIRE. BOO ALSO GAVE ARIAS HIS IDEAS ABOUT WHAT A PLAN SHOULD LIKE. ROBELO SAID THAT HE EXPECTED THESE PLANS TO BE DISCUSSED DURING ARIAS'S DECEMBER TRIP TO WASHINGTON WITH THE AIM OF HAVING A FIRM PLAN READY FOR THE FEBRUARY EC MINISTERIAL IN GUATEMALA. TO ROBELO'S SURPRISE, THE IDEA WAS NEVER RAISED DURING ARIAS'S VISIT. HABIB NOTED THAT ARIAS HAD LONG INDICATE HIS INTEREST IN PROMOTING A PEACE PLAN BUT NO SPECIFICS HAD

BEEN DISCUSSED UNTIL THE JANUARY MEETING WITH MADRIGAL IN MIAMI. ROBELO REPLIED THAT HE ASSUMED THAT THE MIAMI MEETING FINALLY HAD PUT THE PLAN ON TRACK. HE WAS CONCERNED WHEN HE LATER TALKED WITH BIEHL AND LEARNED THAT THERE WAS STILL NO PLAN PER SE BUT SIMPLY "IDEAS." ROBELO ADDED THAT UNO LEADERS PUBLICLY SUPPORTED THE ARIAS PLAN, EVEN THOUGH THEY DID NOT KNOW WHAT IT WOULD SAY, BECAUSE THEY BELIEVED THAT ARIAS WAS A GOOD MAN AND THAT IT WAS IMPORTANT TO HAVE THE FOUR CENTRAL AMERICAN DEMOCRACIES BEHIND A PLAN.

9. CRUZ STATED THAT HE AND ROBELO HAD CALLED ON ARIAS ABOUT A WEEK BEFORE THE SUMMIT AND WERE SHOCKED TO LEARN THAT THE PROPOSALS WERE NOT EVEN READY AS A ROUGH DRAFT. THEY TOLD ARIAS TO KEEP TWO THINGS IN MIND AS HE FINISHED THE DRAFT: IT MUST BE COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS; AND UNO HAD ALREADY AGREED TO A PEACE PLAN, I.E., THE SIX-PARTY PROPOSAL BY THE CIVIC OPPOSITION OF 1986. BELIEVING THAT ARIAS WOULD TAKE THEIR POSITION INTO ACCOUNT AND PRODUCE A GOOD PLAN, THEY CONTACTED MANY PEOPLE AND URGED THEM TO SUPPORT IT. SOMARIBA EVEN HAD SENT A TELEX TO ARIAS IN THE NAME OF THE THREE MEMBERS OF THE UNO DIRECTORATE (CRUZ, ROBELO, AND--AT THAT TIME--CALERO) OFFERING THEIR SUPPORT SIGHT UNSEEN FOR HIS PROPOSALS.

10. CHAMORRO SAID THAT HE LATER VISITED BIEHL, WHO WAS HIS NEIGHBOR, TO CHECK ON THE PROGRESS OF THE PROPOSALS. HE DISCOVERED THAT BIEHL WAS WORKING ON THEM AT HOME ON HIS COMPUTER. INDICATIVE OF THE HAPHAZZARD PREPARATION WAS THAT BIEHL COULD NOT PROVIDE CHAMORRO WITH A COPY OF THE DRAFT UNTIL BIEHL'S 14-YEAR-OLD ARRIVED TO OPERATE THE COMPUTER'S PRINTER. CHAMORRO WAS DISMAYED WHEN HE READ THE DRAFT, AND WROTE A CRITICAL ARTICLE IN LA NACION. ARIAS THEN CALLED IN CHAMORRO TO FIND OUT WHY HE HAD CRITICIZED THE PROPOSALS. CHAMORRO TOLD ARIAS THAT HE AGREED WITH THE DEMOCRATIZATION ELEMENTS OF THE PROPOSALS BUT COMPLAINED THAT UNO COULD NOT BE EXCLUDED FROM PARTICIPATION IN THE DIALOGUE AND THAT AID COULD NOT BE CUT OFF AS A FIRST STEP. ARIAS RESPONDED THAT HE HAD INCLUDED THESE PROVISIONS BECAUSE HE COULD NOT BE SEEN AS MERELY FOLLOWING U.S. POLICY. CHAMORRO COMMENTED TO HABIB THAT ARIAS'S ACTIONS WERE ATTRIBUTABLE IN PART TO THE FACT HE WAS POORLY INFORMED ABOUT UNO'S SITUATION, PARTICULARLY ITS MILITARY SITUATION. ARIAS BELIEVES THAT UNO'S FORCES ARE ON THE VERGE OF DEFEAT AND THAT CONGRESS WILL BLOCK FURTHER AID, WHICH WILL FINISH THEM OFF COMPLETELY. CHAMORRO ADDED THAT ARIAS DID NOT UNDERSTAND THAT THOUSANDS OF UNO TROOPS HAD REINfiltrated INTO

NICARAGUA AND WERE PREPARING FOR AN OFFENSIVE AND THAT THIS PRESSURE COULD GIVE THE RESISTANCE LEVERAGE IN NEGOTIATIONS. HABIB FULLY AGREES THAT ARIAS'S MISPERCEPTIONS AND THE BAD ADVICE HE HAS BEEN RECEIVING FROM SEVERAL QUARTERS WERE SERIOUS PROBLEMS.

11. WALKER NOTED THAT BRENT BUDDWISKI OF CONGRESSMAN'S SLATTERY'S STAFF BELIEVED THAT UNO AND BOS FULLY CONCURRED WITH THE ARIAS PLAN. ULVERT REPEATED THAT WHEN UNO HAD ENDORSED THAT ARIAS PROPOSALS, IT HAD DONE SO

WITHOUT KNOWING THE SPECIFICS. ROBELO ADDED THAT UNO HAD MEANT TO ENDORSE ARIAS'S CREDENTIALS, NOT THE PROPOSALS THEMSELVES.

12. ROBELO STRESSED THAT THERE HAD TO BE TALKS BETWEEN THE SANDINISTAS AND THE RESISTANCE AT THE BEGINNING TO WORK OUT THE TERMS OF A CEASE-FIRE. ONCE THE FIGHTING HAD STOPPED, UNO LEADERS WOULD BE ABLE TO PARTICIPATE IN THE INTERNAL DIALOGUE AS MEMBERS OF THE UNARMED OPPOSITION. HABIB ASKED WHAT FLEXIBILITY UNO HAD ABOUT DEALING WITH THE SANDINISTAS; FOR EXAMPLE, WOULD THEY ACCEPT INDIRECT NEGOTIATIONS DONE THROUGH AN INTERMEDIARY. ROBELO RESPONDED THAT THIS WAS EXACTLY WHAT HE HAD ORIGINALLY PROPOSED TO ARIAS. REGARDING THE SUSPENSION OF AID TO THE RESISTANCE, ROBELO ADDED THAT HE HAD SUGGESTED TO ARIAS THAT THE PROPOSALS INCLUDE A CALL DIRECTED TO THE RESISTANCE ASKING THAT IT STOP RECEIVING AID, AS THIS COULD BE THEN WORKED INTO THE TERMS OF A NEGOTIATED CEASE-FIRE. ROBELO HAD NOT INTENDED THE CALL BE MADE TO THE UNITED STATES, AS THIS WOULD PROMPT THE CONGRESS TO STOP THE AID UNILATERALLY. IT WAS IMPORTANT THAT UNO HAVE BOTH A CARROT AND A STICK, HE EXPLAINED.

13. HABIB ASKED WHAT UNO THOUGHT ABOUT HAVING THE CIVIL OPPOSITION REPRESENT THEM IN THE DIALOGUE. CRUZ REPLIED THAT IN 1986 HE HAD MENTIONED THIS POSSIBILITY TO A JOURNALIST AND THAT IT HAD BEEN PRINTED IN THE PRESS, BUT THAT WAS ONLY HIS PERSONAL VIEW. ROBELO EMPHASIZED THAT THIS WAS NOT THE POSITION OF UNO AS AN ORGANIZATION. CHAMORRO SAID THAT HE HAD TOLD ARIAS THERE WAS NO ONE INSIDE NICARAGUA THAT THEY COULD FULLY TRUST EXCEPT CARDINAL OBANDO. ARIAS HAD RAISED THE POSSIBILITY OF GOING TO NICARAGUA TO SEE OBANDO. CRUZ ADDED THAT NICARAGUANS WOULD ONLY ACCEPT AN AGREEMENT IF OBANDO SIGNED IT. HABIB NOTED THAT THE UNITED STATES HAD LONG ADVOCATED A ROLE FOR THE CHURCH AS MEDIATOR.

14. HABIB ASKED WHAT UNO THOUGHT ABOUT ARIAS'S PROPOSAL TO HAVE A POLITICAL OPENING FOLLOWED BY ELECTIONS FOR THE

CENTRAL AMERICAN PARLIAMENT AS OPPOSED TO NATIONAL OFFICES. HE NOTED THAT THE 7-PARTY PLAN SEEMED PREFERABLE AS IT PROVIDED FOR ELECTIONS WITHIN ONE YEAR. CRUZ ACCEPTED THE CONCEPT OF ELECTIONS FOR THE PARLIAMENT, PROVIDED THAT THE PROPER CONDITIONS EXISTED. HE ADDED THAT THE UN AND OAS WOULD SUPERVISE THE

SUGGESTION. ROBELO ADDED THAT THE SANDINISTAS NEEDED TO EXERT EVER TIGHTER CONTROL TO STAY IN POWER. UNO NEEDED TO BE AUDACIOUS IN ITS PROPOSALS AND WILLING TO TAKE RISKS IN ORDER TO TEST THE SANDINISTAS' WILLINGNESS TO OPEN THE POLITICAL SYSTEM. THIS WAS ESSENTIAL TO ENHANCE UNO'S INTERNATIONAL CREDIBILITY AND MAKE CLEAR WHO WAS STUBBORN AND REJECTING PEACE. CRUZ SAID THAT THE SANDINISTAS WERE A WHORE DRESSED LIKE A MAIDEN, AND THE OPPOSITION NEEDED TO TAKE MEASURES WHICH WOULD EXPOSE THEM FOR WHAT THEY ARE. THIS MEANT THAT UNO MUST BE FLEXIBLE AND TAUNT THE SANDINISTAS ABOUT OPENING THE POLITICAL SYSTEM. HABIB ASKED WHETHER UNO WAS PREPARED TO RETURN TO NICARAGUA AND PARTICIPATE IN THE POLITICAL PROCESS IF SUCH AN OPENING COULD BE ACHIEVED. CRUZ AND ROBELO EMPHATICALLY STATED THAT THIS IS PRECISELY WHAT THEY WANTED.

15. HABIB SAID THAT AT THE SUMMIT, HONDURAS HAD PROPOSED DELAYING THE ESQUIPULAS MEETING FOR 90 DAYS IN ORDER TO ALLOW THE RESISTANCE TIME TO PUT PRESSURE ON THE SANDINISTAS AND MAKE THEM MORE FLEXIBLE. THE FINAL VERSION OF THE PROPOSALS WOULD NOT BE RESOLVED UNTIL ESQUIPULAS. ROBELO SAID, "HOPEFULLY, THE FOUR DEMOCRACIES WOULD HAVE A

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UNITED POSITION, AND NICARAGUA COULD EITHER ACCEPT OR SHOW IT WAS RESPONSIBLE FOR THE FAILURE OF THE INITIATIVE. ROBELO OPINED THAT ORTEGA WOULD TRY TO TURN THE ARIAS PROPOSALS INTO ANOTHER CONTA ORA, I.E., A PROTRACTED NEGOTIATING PROCESS YIELDING NO AGREEMENT. HABIB REPLIED THAT HE HAD WARNED ARIAS ABOUT THIS POSSIBILITY AS WELL AS SANDINISTA EFFORTS TO USE THE PLAN TO DIVIDE THE FOUR DEMOCRACIES. HABIB NOTED THAT AZCONA AND DUARTE HAD PROVIDED THEIR RECOMMENDATIONS TO ARIAS, BUT ARIAS HAD IGNORED THEM AND ANNOUNCED HIS ORIGINAL PLAN AT THE SUMMIT. HONDURAS HAD GRASPED THE IMPORTANCE OF THE CONNECTION BETWEEN THE POLITICAL AND SECURITY ELEMENTS AND HAD PLACED THEM IN THE PROPER SEQUENCE. DUARTE WAS VERY TROUBLED ABOUT HOW SOME ELEMENTS OF THE PROPOSALS COULD AFFECT HIS DEALINGS WITH THE FMLN AND HIS OWN MILITARY. WE HAD MADE OUR POSITION KNOWN DURING THE MIAMI MEETING WITH MADRIGAL AND DURING NATIONAL SECURITY ADVISOR CARLUCCI'S MEETING IN FEBRUARY WITH ARIAS. UNFORTUNATELY, ARIAS IGNORED OUR COMMENTS AND APPEARED

INTENT ON SOFTENING HIS PROPOSALS IN ORDER TO MAKE THEM EASIER FOR THE SANDINISTAS TO ACCEPT. THE PROPOSALS WERE ALREADY TOO SOFT, AND NOW THAT THEY WERE PUBLIC IT WOULD BE MORE DIFFICULT TO STRENGTHEN THEM. HABIB URGED UNO TO WORK OUT ITS POSITION ON THE PROPOSALS AND GIVE THE SPECIFICS IN WRITING TO ARIAS.

16. HABIB NOTED THAT IN HIS DISCUSSIONS WITH SEPULVEDA, IT WAS CLEAR THAT MEXICO WOULD STRONGLY OPPOSE ANY ATTEMPT TO BYPASS CONTADORA. HE SAID THAT SEPULVEDA HAD MADE ONE POINT THAT MADE SENSE: CONTADORA HAD A FAR BETTER VERIFICATION SYSTEM THAN THE ARIAS PROPOSALS. CRUZ NOTED THAT IT WAS IMPORTANT TO WORK WITHIN THE CONTADORA FRAMEWORK AS ALL THE MAJOR LATIN STATES WERE INVOLVED IN THE PROCESS. HABIB REPORTED THAT ON HIS RECENT TRIPS TO THE CONTADORA COUNTRIES, THERE WAS A GROWING WILLINGNESS TO HEED THE CENTRAL AMERICAN DEMOCRACIES AND TO FOCUS ON THE ISSUE OF DEMOCRATIZATION. CRUZ REFERRED SPECIFICALLY

17. CRUZ ASKED ABOUT THE PROSPECTS FOR OBTAINING DO-S 105 MILLION IN AID FOR FY88. HABIB ANSWERED THAT IT WOULD BE TOUGH, BUT THE ADMINISTRATION WAS COMMITTED TO ITS POLICY AND WOULD WORK HARD TO SECURE THE AID. HE SAID IT WOULD DEPEND ON THE RESISTANCE DOING A CREDIBLE JOB AND THE CREDIBILITY OF THE NEGOTIATING TRACK. SEN. DODD REPORTEDLY HAD TOLD ARIAS THAT IF THE SANDINISTAS REJECTED THE PROPOSALS OR ACCEPTED THEM AND THEN RENEGED, THE DEMOCRATS WOULD SUPPORT THE ADMINISTRATION'S POLICY. CRUZ COMMENTED THAT SOME IN CONGRESS WANT TO CUT THE AID AND SUBSTITUTE SOMETHING ELSE. ROBELO CRITICIZED ANY PLAN WHICH WOULD WAS TANTAMOUNT TO CONTAINMENT AND WHICH WOULD LEAVE THE SANDINISTAS FREE TO CONSOLIDATE THEIR REGIME.

18. HABIB STATED THAT DURING HIS RECENT TRIP TO CENTRAL AMERICA HE HAD MET WITH TWO LEADERS OF THE NICARAGUAN CIVIC OPPOSITION. HE HAD BEEN DISAPPOINTED THAT THEY HAD NOT CONSIDERED HOW TO WORK WITH THE DEMOCRATIC RESISTANCE IN THE EVENT THAT A POLITICAL OPENING WERE ACHIEVED. HE ASKED ABOUT UNO'S PLANS IN THIS REGARD. CRUZ ANSWERED THAT IF THE SANDINISTAS WERE STILL IN THE PICTURE, THE OPPOSITION WOULD NEED TO WORK AS A SOLID BLOC. IF THE OPENING WERE TO COME ABOUT BY THE FALL OF THE SANDINISTAS, EACH ELEMENT OF THE UNO COALITION WOULD GO ITS OWN WAY. ROBELO NOTED THAT THE CIVIC OPPOSITION THAT REMAINED INSIDE NICARAGUA WAS VERY WEAK, AS THE BEST LEADERS HAD GONE INTO EXILE.

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19. HABIB AND WALKER THEN MET FOR AN HOUR WITH BOS LEADERS ALFREDO CESAR, ALVARO JEREZ, AND BROOKLYN RIVERA. HABIB REPEATED HIS INTRODUCTORY REMARKS AND ASKED ABOUT BOS'S POSITION ON NEGOTIATIONS. CESAR SAID THAT HE WELCOMED THE ARIAS PROPOSALS AS A NEW ELEMENT IN THE NEGOTIATIONS. IT WAS IMPORTANT THAT THE CENTRAL AMERICAN DEMOCRACIES WERE TAKING THE LEAD IN THE PROCESS. BOS HAD AS ONE OF ITS STRATEGIC OBJECTIVES THE STRENGTHENING OF TIES WITH THE DEMOCRACIES. BOS HOPED THE ARIAS PROPOSALS COULD LEAD TO AN END TO THE WAR. ONCE A CEASE-FIRE TOOK EFFECT, THE SANDINISTAS WOULD HAVE NO EXCUSE TO CONTINUE THE STATE OF EMERGENCY AND THEIR

NICARAGUA AND JOIN IN THE NATIONAL DIALOGUE AND PARTICIPATE IN THE NATIONAL RECONCILIATION PROCESS.

20. HABIB NOTED THE DEFICIENCIES IN THE ARIAS PROPOSALS, SUCH AS THE EXCLUSION OF THE RESISTANCE FROM THE DIALOGUE AND THE CALL FOR AN IMMEDIATE END TO U.S. AID. CESAR

FOR IT NOT TO SUPPORT HIS PROPOSALS. NEVERTHELESS, BOS DID HAVE PROBLEMS WITH THE PROPOSALS AS DRAFTED. BOS HAD INTENDED ITS LETTER TO ARIAS TO BE INTERPRETED AS GIVING ONLY QUALIFIED ENDORSEMENT. FOR EXAMPLE, BOS WOULD FOREGO U.S. AID ONLY SO LONG AS THE CEASE-FIRE WERE IN EFFECT, AND IF THE SANDINISTAS VIOLATED IT, BOS WOULD AGAIN SEEK THE AID. BOS WANTED TALKS WITH THE SANDINISTAS TO NEGOTIATE THE TERMS OF A CEASE-FIRE; IT WAS PREPARED TO ACCEPT THE USE OF INTERMEDIARIES IN RECOGNITION OF THE SANDINISTAS' REJECTION OF DIRECT TALKS. BOS WANTED SOME INTERNATIONAL BODY TO SERVE AS THE INTERMEDIARY.

21. HABIB ASKED ABOUT BOS'S VIEW ON THE ARIAS PROPOSALS' ACCEPTANCE OF THE SANDINISTA CONSTITUTION AND PROVISION FOR ELECTIONS ONLY FOR THE CENTRAL AMERICAN PARLIAMENT. CESAR ANSWERED THAT BOS HAD NOT FORMED POSITIONS YET ON THE CONSTITUTION OR THE ISSUE OF ELECTIONS. JEREZ SAID THAT THE ELECTIONS FOR A CENTRAL AMERICAN PARLIAMENT COULD SERVE AS A TEST OF THE SANDINISTAS' WILLINGNESS TO ALLOW THE CONDITIONS NEEDED FOR DEMOCRACY. CESAR STRESSED THAT ONCE A CEASE-FIRE WAS ARRANGED, BOS INTENDED TO RETURN AND PARTICIPATE IN THE INTERNAL POLITICAL STRUGGLE.

22. HABIB ASKED BOS'S POSITION ABOUT CONTADORA. JRZ REPLIED THAT IT WAS NECESSARY TO LINK THE ARIAS PROPOSALS

TO CONTADORA, OTHERWISE MEXICO WOULD OPPOSE IT. CESAR SAID THAT IT WAS IMPORTANT TO HAVE UNITY AMONG THE CENTRAL AMERICAN DEMOCRACIES, THE UNITED STATES, AND THE RESISTANCE. HABIB NOTED THAT HE HAD WARNED ARIAS ABOUT THE POSSIBILITY THAT THE PROPOSALS COULD DIVIDE THE DEMOCRACIES INSTEAD OF UNIFYING THEM. HABIB POINTED OUT THAT CEREZO WOULD PLAY A KEY ROLE IN MAKING OR BREAKING UNITY.

23. RIVERA STATED THAT IN ANY AGREEMENT, THE CONDITION OF THE INDIAN PEOPLES HAD TO BE PLACED ON THE AGENDA. CESAR SAID HE AGREED WITH THIS DEMAND. WHITEHEAD

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E.O. 12356: N/A

TAGS: PGOV

SUBJECT: TEXTS OF STATEMENTS DELIVERED BY ASSISTANT
SECRETARY ABRAMS AND AMBASSADOR HABIB BEFORE THE
COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

1. THE TEXTS OF ASSISTANT SECRETARY ABRAMS' AND
AMBASSADOR HABIB'S PUBLIC STATEMENTS BEFORE THE SENATE
COMMITTEE ON FOREIGN RELATIONS, FEBRUARY 5, 1987, ARE
TRANSMITTED FOR POSTS' USE. AS ABRAMS' TEXT IS CONTAINED
IN PARAGRAPH 2. AMBASSADOR HABIB'S TEXT IS CONTAINED IN
PARAGRAPH 3.

2. (BEGIN ABRAMS TEXT):
PREPARED STATEMENT
THE HONORABLE ELLIOTT ABRAMS
ASSISTANT SECRETARY OF STATE
FOR INTER-AMERICAN AFFAIRS
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
FEBRUARY 5, 1987

1. SUPPORT FOR THE NICARAGUAN RESISTANCE IS PART OF A
BROADER STRATEGY

U.S. SUPPORT FOR NICARAGUANS FIGHTING THE SANDINISTAS IS
AN ESSENTIAL ELEMENT OF A COMPREHENSIVE STRATEGY FOR
CENTRAL AMERICA.

THERE ARE COMPELLING MORAL ARGUMENTS IN FAVOR OF U.S.
SUPPORT FOR THE NICARAGUAN RESISTANCE. THEY HAVE TO DO
WITH A REVOLUTION BETRAYED; WITH THE BRAVERY OF THOUSANDS
OF YOUNG NICARAGUAN PEASANTS AND INTELLECTUALS FIGHTING A
BACKWARD DICTATORSHIP IN THE PROCESS OF FUSING WITH THE
TOTALITARIANISM OF THE MODERN SOVIET EMPIRE; WITH THE
ROLE OF THE UNITED STATES IN KEEPING ALIVE THE FLAME OF

THE STRATEGIC ARGUMENTS IN FAVOR OF U.S. SUPPORT FOR THE
NICARAGUAN RESISTANCE ARE JUST AS COMPELLING. OUR
NATIONAL SECURITY REQUIRES US TO PREVENT THE SOVIET UNION
FROM GAINING A STRATEGIC FOOTHOLD AND FURTHER UNDERMINING
DEMOCRACY IN CENTRAL AMERICA. SANDINISTA CONSOLIDATION
IN NICARAGUA WOULD BE A DOUBLE THREAT TO DEMOCRACY IN
CENTRAL AMERICA, LEADING TO THE DANGER IF NOT THE
INEVITABILITY OF FURTHER COMMUNIST EXPANSION AND TO THE
DANGER OF AN UGLY RESURGENCE OF RIGHT-WING EXTREMISM IN
REACTION TO THE HEIGHTENED COMMUNIST THREAT. OUR FRIENDS
AND ALLIES IN THIS NEARBY AREA NEED OUR HELP TO MEET
THESE COMMON CHALLENGES.

AS THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA
OBSERVED THREE YEARS AGO, RARELY DO MORAL AND STRATEGIC
CONSIDERATIONS COINCIDE AS THEY DO IN CENTRAL AMERICA.

WHILE AGREEING WITH MUCH OF THIS, SOME ARGUE THAT SUPPORT
FOR THE RESISTANCE WILL GET US NOWHERE (OF AT LEAST
NOWHERE THAT WE WANT TO GO), AND THAT THERE ARE OTHER,
BETTER WAYS TO PROTECT OUR INTERESTS. IN CONSIDERING
THAT ARGUMENT, I WOULD LIKE TO START BY LOOKING AT OUR
OVERALL STRATEGY, THEN CONSIDER OUR RELATIONS WITH
NICARAGUA AND THE WHY, WHAT, AND HOW OF OUR EFFORTS TO
IMPROVE THEM.

II. U.S. POLICY IS COMPREHENSIVE AND LONG-TERM

THERE ARE NO SHORT-TERM SOLUTIONS TO THE CENTRAL AMERICAN
CRISIS.

THERE ARE, IN THEORY, TWO QUICK FIXES. ONE WOULD BE
DIRECT U.S. MILITARY INTERVENTION TO REMOVE THE REGIME IN
NICARAGUA. NO ONE IN THE ADMINISTRATION IS ADVOCATING
THIS, AND NO ONE OF YOU OR THE AMERICAN PUBLIC WOULD WISH

US TO. IN FACT, OUR POLICY IS DESIGNED TO PROTECT OUR
NATIONAL INTERESTS WITHOUT RESORTING TO DIRECT U.S.
MILITARY ACTION.

THE OTHER QUICK FIX WOULD BE TO TRY TO FORCE THE CENTRAL
AMERICAN DEMOCRACIES TO ACCEPT NICARAGUAN PROPOSALS ON
SECURITY ARRANGEMENTS. LET'S BE HONEST. THAT IS A
PRESCRIPTION FOR DISASTER CAMOUFLAGED AS A DIPLOMATIC
SOLUTION. PIECES OF PAPER ALONE ARE NOT GOING TO STOP
THE SANDINISTAS.

SO WHATEVER THE THEORY, IN PRACTICE THE TRUTH IS THAT
NEITHER OF THESE QUICK FIXES WOULD BE A FIX AT ALL.

THE PROBLEMS OF CENTRAL AMERICA REQUIRE PATIENT,
SUSTAINED U.S. EFFORTS ON MANY INTERRELATED FRONTS AT
ONCE.

OVER THE PAST THREE OR FOUR YEARS, WITH THE HELP OF THE
CONGRESS AND OF THE NATIONAL BIPARTISAN COMMISSION ON
CENTRAL AMERICA, WE HAVE DEVELOPED AND BEGUN TO IMPLEMENT
A COMPREHENSIVE PROGRAM DESIGNED TO WORK OVER THE LONG
HAUL.

WE BELIEVE IT IS WORKING. WE BELIEVE IT IS WORKING
BECAUSE ITS COMBINATION OF MEASURES, FROM DEFENSE TO
NEGOTIATION, AND FROM DEVELOPMENT TO THE PAINSTAKING
BUILDING OF DEMOCRACY, ADDRESS ALL OF THE CAUSES OF
CONFLICT AS THEY ACTUALLY PLAY OUT IN CENTRAL AMERICA.

LET ME LIST SIX CAUSES OF CONFLICT FOR YOU, TOGETHER WITH
WHAT WE ARE DOING ABOUT THEM.

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FIRST, CENTRAL AMERICA BECAME VULNERABLE TO VIOLENCE AND COMMUNIST PENETRATION BECAUSE ECONOMIC GROWTH ALONE PROVED INSUFFICIENT TO ELIMINATE INHERITED INEQUALITIES BETWEEN THE LANDED RICH AND THE LANDLESS POOR.

THE POLICY WE ARE IMPLEMENTING SUPPORTS SOCIAL AND ECONOMIC REFORM. WE WANT THE PEASANTS AND THE WORKERS TO BE SHAREHOLDERS IN CENTRAL AMERICA'S FUTURE. OUR PRIMARY EMPHASIS IS ON EVOLUTIONARY CHANGE THROUGH EQUITABLE DEVELOPMENT, EDUCATION, AND THE CREATION OF NEW OPPORTUNITIES. BUT WE RESPECT THE POSITIONS OF OUR DEMOCRATIC ALLIES. IN EL SALVADOR, THE AGRARIAN REFORM WHOSE IMPLEMENTATION WE ARE SUPPORTING IS AS FAR-REACHING AS THOSE UNDERTAKEN DURING THE MEXICAN OR THE BOLIVIAN REVOLUTIONS.

SECOND, WHEN PEOPLE BEGAN TO STAND UP FOR THEIR RIGHTS, MOST OF CENTRAL AMERICA'S POLITICAL SYSTEMS (EXCEPT FOR COSTA RICA'S LONG-STANDING DEMOCRACY) PROVED TOO CLOSED TO PROVIDE A REAL OUTLET FOR EITHER NEW SOCIAL GROUPS OR THE AWAKENING POOR.

OUR POLICY STRONGLY SUPPORTS OPENING UP THE REGION'S POLITICS THROUGH REGULAR ELECTORAL COMPETITION AND DEMOCRATIC PROCESSES. THAT IS OUR POSITION IN EL SALVADOR AND GUATEMALA, AND IT IS OUR POSITION IN NICARAGUA. EL SALVADOR AND GUATEMALA HAVE BOTH IN THE LAST THREE YEARS REPEATEDLY HELD ELECTIONS THAT WERE NOT ONLY FREE BUT HIGHLY COMPETITIVE. NICARAGUA'S SANDINISTAS REFUSE TO EVEN TALK TO THOSE WHO RESIST THEIR DICTATORSHIP.

THIRD, RELIANCE ON VIOLENCE TO RESOLVE CONFLICT BECAME INGRAINED.

THIS IS A SECOND REASON WE ARE FOSTERING DEMOCRACY. DEMOCRACY IS THE BEST MECHANISM THERE IS FOR PEACEFUL SOCIAL PROGRESS AND PEACEFUL POLITICAL CHANGE. IT IS WHY WE ARE WORKING TO STRENGTHEN JUDICIAL PROCESSES THROUGHOUT CENTRAL AMERICA. IT IS WHY WE HAVE INSISTED ON AN END TO DEATH SQUADS IN EL SALVADOR AND GUATEMALA AND WHY WE WOULD BE DELIGHTED TO SEE AN END TO THE "DIVINE MOBS" AND SECRET POLICE OF NICARAGUA'S MINISTRY OF THE INTERIOR.

FOURTH, THE DOWNTURN IN THE GLOBAL ECONOMY, AGGRAVATED BY THE GUERRILLA WARFARE SUPPORTED BY THE SOVIET BLOC FROM NICARAGUAN TERRITORY, HAS SEVERELY DAMAGED THE ECONOMY OF EL SALVADOR AND DRIVEN CAPITAL OUT OF CENTRAL AMERICA GENERALLY, INCREASING BOTH SUFFERING AND POTENTIAL INSTABILITY.

THAT IS WHY SUBSTANTIAL FINANCIAL AND ECONOMIC ASSISTANCE IS ESSENTIAL, FIRST TO HELP STABILIZE THE REGION'S ECONOMIES, THEN TO HELP RESTORE GROWTH AND REGIONAL COOPERATION. IT IS VITAL THAT WE CONTINUE TO MEET THE AGREED KISSINGER COMMISSION GOALS.

FIFTH, THEIR NUMBERS HAVE DECLINED AS THE POPULATION WAS TURNED AWAY FROM THEM, BUT THE SALVADORAN GUERRILLAS HAVE REMAINED A FORMIDABLE MILITARY FORCE BECAUSE THE SOVIETS HAVE USED CUBA AND NICARAGUA TO PROVIDE THE OUTSIDE SUPPORT NEEDED TO OPERATE DESPITE THE OPPOSITION OF MOST SALVADORANS.

THAT IS WHY U.S. MILITARY ASSISTANCE IS REQUIRED. IN FACT, THE MILITARY COMPONENT OF OUR POLICY HAS, IF ANYTHING, BEEN TOO SMALL. THREE YEARS AGO, THE BIPARTISAN COMMISSION WARNED: "THE WORST POSSIBLE POLICY

FOR EL SALVADOR IS TO PROVIDE JUST ENOUGH AID TO KEEP THE WAR GOING, BUT TOO LITTLE TO MAKE IT SUCCESSFULLY." WE HEEDED THE COMMISSION'S WARNING ON EL SALVADOR. THE RESULTS HAVE BEEN FAR BETTER THAN MOST OBSERVERS BELIEVED POSSIBLE.

SIXTH, NICARAGUA'S INTERNAL REPRESSION, MILITARY BUILDUP AND TIES TO THE SOVIET BLOC ARE BECOMING A PERMANENT SOURCE OF INSTABILITY IN THE ENTIRE REGION. CUBAN AGENTS ENTERED MANAGUA WITH THE SANDINISTAS IN JULY 1979; 3 MONTHS LATER, THE CUBAN CONTINGENT HAD GROWN TO 200. TODAY, EXCLUDING CUBAN CIVILIANS, WHO SINCE THE LIBERATION OF GRENADA ARE MAINLY YOUNG MALES WHO HAVE SERVED IN THE CUBAN MILITIA, THE U.S. INTELLIGENCE COMMUNITY ESTIMATES THE CUBAN MILITARY AND SECURITY PRESENCE AT BETWEEN 2,000 AND 2,500. PEACE IN CENTRAL AMERICA WILL BE IMPOSSIBLE AS LONG AS THIS MILITARY-SUBVERSIVE APPARATUS REMAINS IN PLACE UNCHECKED.

THE NEED TO DEFEND DEMOCRACY AND TO DEFEAT SOVIET-BACKED SUBVERSION AND MILITARIZATION IN NICARAGUA AND IN CENTRAL AMERICA AS A WHOLE IS WHERE THE NICARAGUAN RESISTANCE FORCES FIT IN -- NOT AS A SOLUTION BY THEMSELVES, BUT AS PART OF A STRATEGY TO INDUCE THE SANDINISTAS TO CHANGE THEIR BEHAVIOR OR FACE THE POSSIBILITY OF LOSING POWER ENTIRELY.

THE INDIVIDUAL ELEMENTS OF THIS STRATEGY CAN AND INDEED MUST BE COMBINED FLEXIBLY THROUGH DIPLOMACY TO MEET CHANGING SITUATIONS.

III. THE SANDINISTAS STARTED MISTY

IT IS SOMETIMES SAID THAT THE SANDINISTAS ARE JUST A GROUP OF THIRD WORLD REFORMERS WHO HAVE BEEN FORCED BY THE UNITED STATES AND A HANDFUL OF REACTIONARIES TO SUSPEND TEMPORARILY A FEW FREEDOMS IN SELF DEFENSE AND ALLY THEMSELVES WITH THE SOVIET UNION. THIS PROPOSITION IS FALSE.

--THE SANDINISTAS HAVE ALWAYS BEEN A MINORITY (THEY STILL PROUDLY REFER TO THEMSELVES AS A "VANGUARD"), BUT ONCE THE (IMENSELY POPULAR) REVOLUTION AGAINST SOMOZA ENDED IN 1970 WITH THEM SHARING POWER IN THE GOVERNMENT, THEY SET

OUT TO MONOPOLIZE POWER IN NICARAGUA AND TO HELP OVERTHROW NEIGHBORING GOVERNMENTS BEGINNING WITH EL SALVADOR.

--THE KEY TO THEIR CONFIDENCE WAS SUPPORT FROM THE SOVIET BLOC. THEY BELIEVED THIS SUPPORT, WHICH THEY HAD OBTAINED YEARS BEFORE THE FALL OF SOMOZA AND WHICH THEY EQUATED WITH "THE FORCES OF HISTORY," WOULD ENABLE THEM TO OVERCOME RESISTANCE BOTH AT HOME AND ABROAD.

--SO THEY SAW COLLABORATION WITH TRUE DEMOCRATS AND DIPLOMATIC NEGOTIATIONS SIMPLY AS A TACTIC TO DIVIDE THEIR NEIGHBORS AND NEUTRALIZE THE UNITED STATES. THEY WERE PLAYING THE OLD BROAD POPULAR FRONT GAME ADVOCATED BY THE COMINTERN IN THE 1930S.

U.S. OBJECTIVES AFTER SOMOZA FELL IN 1979 WERE TO PERSUADE THE SANDINISTAS AND THEIR DEMOCRATIC ALLIES IN THE NEW NICARAGUAN GOVERNMENT THAT THE GOALS OF THE NICARAGUAN NATION COULD BE ACHIEVED THROUGH DEMOCRACY AND PEACEFUL RELATIONS WITH ALL MEMBERS OF THE INTER-AMERICAN COMMUNITY, AND THAT, CONVERSELY, THEIR COMMUNIST ALLIANCES WERE DANGEROUS TO THEM AS WELL AS TO OTHERS.

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--FOR A YEAR AND A HALF AFTER THE FALL OF SOMOZA, U.S. EFFORTS CENTERED ON POLITICAL BRIDGE-BUILDING AND SUBSTANTIAL ECONOMIC ASSISTANCE FOR THE RECONSTRUCTION OF NICARAGUA.

--THIS ATTEMPT BY THE CARTER ADMINISTRATION TO BUILD FRIENDLY RELATIONS WAS IGNORED BY THE SANDINISTAS, WHO SECRETLY SOUGHT SOVIET BLOC AID TO HELP TURN THEIR GUERRILLA FORCES INTO A POWERFUL MODERN ARMY AND BUILD AN INTERNAL SECURITY SYSTEM ALONG CUBAN LINES.

--BY THE FALL OF 1980, DESPITE SPECIFIC WARNINGS THAT THIS WOULD JEOPARDIZE OUR ASSISTANCE AND OUR RELATIONS, THE SANDINISTAS WERE COOPERATING ACTIVELY WITH A SOVIET-CUBAN STRATEGY TO SUPPLY ARMS AND TRAINING TO GUERRILLA FORCES IN EL SALVADOR.

--BY EARLY 1981, AFTER THE EXTENT OF SANDINISTA PARTICIPATION IN THE SOVIET BLOC INTERVENTION IN EL SALVADOR HAD BECOME CLEAR, THE CARTER ADMINISTRATION SUSPENDED, THEN THE REAGAN ADMINISTRATION TERMINATED, U.S. ASSISTANCE TO THE NICARAGUAN GOVERNMENT AS REQUIRED BY LAW.

--BY THAT TIME THE SANDINISTAS HAD DRIVEN NON-MARXISTS

OUT OF THE GOVERNMENT, REPRESSED INDEPENDENT GROUPS, ESTABLISHED INTIMATE TIES WITH CUBA AND THE SOVIET BLOC GENERALLY, AND GIVEN FULL SUPPORT TO THE GUERRILLAS IN EL SALVADOR AND WERE BEGINNING TO SPONSOR TERRORISM IN HONDURAS AND COSTA RICA.

--BUT WE CONTINUED OUR EFFORTS TO NEGOTIATE. IN AUGUST 1981, WE SENT ASSISTANT SECRETARY ENDERS TO MANAGUA TO INVITE THE SANDINISTAS TO EXCHANGE PROPOSALS SO THAT POSITIVE RELATIONS AND ASSISTANCE COULD BE RESUMED.

--WE PUT THOSE PROPOSALS IN WRITING, BUT THE SANDINISTAS DID NOT RESPOND.

--ATTEMPTS TO REASON WITH THE SANDINISTAS ON THE BASIS OF POSITIVE INDUCEMENTS WERE GOING NOWHERE.

--IT WAS THEN, NEARLY TWO AND ONE HALF YEARS AFTER SOMOZA FELL, THAT WE DECIDED TO SUPPORT NICARAGUAN PATRIOTS FIGHTING THE SANDINISTAS. IF CARROTS WERE NOT ENOUGH, MAYBE A STICK WOULD HELP.

--AT THE SAME TIME, WE CONTINUED TO PROBE FOR NEGOTIATING OPENINGS.

--IN THE SPRING OF 1982, AT THE SUGGESTION OF MEXICAN PRESIDENT LOPEZ PORTILLO, WE AGAIN OFFERED, IN WRITING, TO RESUME POSITIVE RELATIONS AND ASSISTANCE IF THEY MET REGIONAL CONCERNS. AGAIN THE SANDINISTAS TOOK NO ACTION.

--AFTER THE 1982 ELECTIONS IN EL SALVADOR, THE SANDINISTAS ACTUALLY EXPANDED THEIR SUPPORT FOR THE GUERRILLAS IN EL SALVADOR. WE ASKED THE NICARAGUAN GOVERNMENT TO CLOSE DOWN THE COMMAND AND CONTROL CENTER THE SALVADORAN EXTREMISTS WERE OPERATING IN THE OUTSKIRTS OF MANAGUA -- AND WHEN THEY PROFESSED IGNORANCE OF ITS EXISTENCE, WE OFFERED TO SEND DOWN A TECHNICAL TEAM TO HELP THEM LOCATE IT. THE SANDINISTAS DID NOT EVEN BOTHER TO REPLY.

--NEGOTIATIONS INVOLVING THE SANDINISTAS HAVE TAKEN PLACE ALMOST CONTINUALLY SINCE THEN, OFTEN UNDER THE AUSPICES OF THE CONTADORA PROCESS THAT BEGAN IN 1983. THE UNITED STATES HAS SUPPORTED THESE NEGOTIATIONS THROUGH SECRETARY

SHULTZ' 1984 VISIT TO MANAGUA AND THE ACTIVITIES OF THREE SPECIAL ENVOYS, INCLUDING NINE ROUNDS OF BILATERAL TALKS, ONE IN ATLANTA, AND EIGHT IN MANZANILLO, MEXICO.

--AS SOON AS THE SANDINISTAS ACCEPT THE NECESSITY OF FACE

TO FACE TALKS WITH THE DEMOCRATIC RESISTANCE SPAWNED BY THEIR INTRANSIGENCE AND REPRESSION, WE WILL SIT DOWN TO TALK DIRECTLY TO THEM AGAIN.

IV. U.S. NEGOTIATING OBJECTIVES

BY THE SUMMER OF 1982, WHAT WE HAD LEARNED FROM OUR REPEATED EFFORTS TO ENGAGE IN CONCRETE, MEANINGFUL TALKS HAD LED US TO EVOLVE FOUR MAJOR OBJECTIVES FOR NEGOTIATING WITH THE SANDINISTAS. THESE OBJECTIVES REFLECT OUR SECURITY NEEDS AND THOSE OF OUR FRIENDS AS WELL AS OUR AND THEIR DESIRES FOR DEMOCRACY. WHAT WE SEEK IN NICARAGUA IS FULLY CONSISTENT WITH OUR SUPPORT FOR DEMOCRACY, DEVELOPMENT AND SECURITY THROUGHOUT CENTRAL AMERICA.

THOSE OBJECTIVES ARE STILL VALID TODAY. THEY ARE:

--ENDING NICARAGUAN SUPPORT FOR GUERRILLA GROUPS;

--CUTTING NICARAGUAN MILITARY AND SECURITY TIES TO CUBA AND THE SOVIET BLOC;

--REDUCING NICARAGUA'S MILITARY STRENGTH TO LEVELS THAT WOULD RESTORE MILITARY EQUILIBRIUM IN THE AREA;

--FULFILLMENT OF THE SANDINISTAS' OWN ORIGINAL PROMISES TO BUILD DEMOCRATIC PLURALISM.

THESE OBJECTIVES HAVE BEEN AT THE HEART OF INTERNATIONAL DIPLOMACY INVOLVING CENTRAL AMERICA SINCE WE FIRST ARTICULATED THEM IN AUGUST 1982.

IN OCTOBER 1982, UNDER COSTA RICAN LEADERSHIP, A GROUP OF EIGHT DEMOCRATIC STATES DEVELOPED A COMPREHENSIVE SET OF PROPOSALS TO REDUCE TENSIONS. THE SAN JOSE STATEMENT, OF WHICH WE WERE BOTH PRIME MOVERS AND A SIGNATORY TOGETHER WITH THE OTHER DEMOCRACIES, INCORPORATED OUR OBJECTIVES IN FULL. NICARAGUA REFUSED EVEN TO MEET THE COSTA RICAN FOREIGN MINISTER TO DISCUSS THEM.

IN JANUARY 1983, THE CONTADORA PROCESS BEGAN. COMPARE THE FOUR U.S. OBJECTIVES WITH THE SUBSTANCE OF THE CONTADORA DOCUMENT OF OBJECTIVES AGREED TO ON SEPTEMBER 7, 1983, BY THE FOUR CONTADORA SPONSORS AND ALL FIVE CENTRAL AMERICAN COUNTRIES:

--WE SEEK AN END TO NICARAGUAN SUPPORT FOR GUERRILLA GROUPS: THE DOCUMENT OF OBJECTIVES CALLS FOR AN END TO SUPPORT FOR SUBVERSION.

--WE WANT NICARAGUA TO SEVER ITS MILITARY AND SECURITY TIES TO CUBA AND THE SOVIET BLOC: THE DOCUMENT OF OBJECTIVES CALLS FOR THE PROSCRIPTION OF FOREIGN MILITARY BASES AND THE REDUCTION AND EVENTUAL ELIMINATION OF FOREIGN MILITARY ADVISERS AND TROOPS.

--WE SEEK REDUCTION OF NICARAGUA'S MILITARY STRENGTH TO LEVELS THAT WOULD RESTORE MILITARY EQUILIBRIUM IN THE AREA: THE DOCUMENT OF OBJECTIVES CALLS FOR THE REDUCTION OF CURRENT INVENTORIES OF ARMS AND MILITARY PERSONNEL.

--WE SEEK FULFILLMENT OF THE ORIGINAL SANDINISTA PROMISES

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TO SUPPORT DEMOCRATIC PLURALISM: THE DOCUMENT OF OBJECTIVES CALLS FOR THE ESTABLISHMENT OF DEMOCRATIC SYSTEMS OF GOVERNMENT BASED ON GENUINELY OPEN ELECTIONS.

--FINALLY, WE SEEK A DIPLOMATIC SOLUTION THAT IS VERIFIABLE AND ENFORCEABLE: THE DOCUMENT OF OBJECTIVES CALLS FOR ADEQUATE MEANS OF VERIFICATION AND CONTROL.

IF ACTUALLY IMPLEMENTED SIMULTANEOUSLY ON A VERIFIABLE AND ENFORCEABLE BASIS, THE SUBSTANCE OF THE 21 CONTADORA OBJECTIVES IS VIRTUALLY IDENTICAL WITH OUR OWN EVALUATION OF WHAT IS NECESSARY TO SATISFY U.S. INTERESTS IN THE AREA.

THAT IS WHY, DESPITE THE BILATERAL RECORD DETAILED ABOVE, WE SAW IN NICARAGUA'S ACCEPTANCE OF THE CONTADORA DOCUMENT OF OBJECTIVES THE POSSIBILITY THAT OUR OWN OBJECTIVES MIGHT ULTIMATELY BE REACHED THROUGH NEGOTIATIONS.

AS THE YEARS HAVE GONE BY, SANDINISTA ABUSES AND INTRANSIGENCE HAVE INCREASED, AND THE CONTADORA PROCESS HAS SOMETIMES SEEMED TO LOOK THE OTHER WAY. WE HAVE INCREASED THE PRESSURES. BUT WE HAVE ALSO CONSTANTLY PROBED THE SANDINISTAS ON THEIR INTENTIONS. U.S. PRESSURE ON NICARAGUA IS NOT PRESSURE FOR PRESSURE'S SAKE. IT HAS DIPLOMATIC AND POLITICAL GOALS.

THE BASIC FACT IS THIS: IF THE SANDINISTAS IMPLEMENT THESE PRINCIPLES IN A WAY IN WHICH WE CAN HAVE CONFIDENCE -- WHETHER ON THE BASIS OF A FORMAL TREATY OR NOT -- ITS NEIGHBORS WILL DO THE SAME, AND SO WILL WE. DEMOCRACY, AFTER ALL, IS THE BEST VERIFICATION MECHANISM. THE PRESSURE WILL HAVE WORKED, MEMBERS OF THE RESISTANCE FORCES WILL HAVE BEEN ABLE TO LAY DOWN THEIR ARMS, OUR

CONCERNS WILL HAVE BEEN ALLEVIATED, AND A POLITICAL SOLUTION WILL HAVE BEEN ACHIEVED IN CENTRAL AMERICA.

V. U.S. SUPPORT FOR THE NICARAGUAN RESISTANCE

U.S. SUPPORT FOR THE DEMOCRATIC RESISTANCE IN NICARAGUA IS DESIGNED TO ADVANCE THESE BROADER OBJECTIVES. ONCE IT BECAME CLEAR THAT NORMAL DIPLOMATIC AND ECONOMIC INDUCEMENTS WERE NOT ENOUGH TO PERSUADE THE SANDINISTAS TO COMPROMISE, A PROGRAM WAS BEGUN TO AID AN ANTI-SANDINISTA GROUP THAT WAS ALREADY IN EXISTENCE. THE RESISTANCE HAS ACHIEVED A MEASURE OF SUCCESS NOT SOLELY OR EVEN PRIMARILY BECAUSE OF OUR EFFORTS, BUT BECAUSE RESISTANCE HAS BEEN STIMULATED BY CONTINUING SANDINISTA REPRESSION AND BY DEFECTIONS FROM THE SANDINISTA RANKS.

U.S. SUPPORT FOR THE RESISTANCE IS INTENDED TO HELP LIMIT AND ULTIMATELY END THE CONFLICT IN CENTRAL AMERICA, NOT TO WIDEN IT. IT IS DESIGNED TO EITHER INDUCE THE SANDINISTAS TO CHANGE THEIR ASSUMPTIONS AND THE AGGRESSIVE ACTIONS THAT FLOW FROM THEM, OR, IF THEY DO NOT, TO HELP PUT THE NICARAGUAN PEOPLE THEMSELVES INTO A POSITION TO RID THEMSELVES OF THE SANDINISTAS.

THE GROWTH OF THE RESISTANCE AND ITS TRANSFORMATION FROM A GROUP CENTERED INITIALLY AROUND A FEW HUNDRED EX-NATIONAL GUARDSMEN TO A PEASANT ARMY OF NEARLY 20,000 FIGHTERS, MANY OF WHOSE LEADERS ARE FORMER SANDINISTAS, MAKE CLEAR IT IS AN AUTHENTIC, INDIGENOUS MOVEMENT RESPONSIVE TO THE DEMOCRATIC ASPIRATIONS OF THE NICARAGUAN PEOPLE.

SOME CRITICS OF U.S. SUPPORT HAVE SUGGESTED THAT IT HAS BEEN COUNTERPRODUCTIVE, THAT IT HAS RADICALIZED THE

SANDINISTAS AND HELPED THEM TO CONSOLIDATE THEIR POWER.

THE OPPOSITE IS TRUE. THE SANDINISTAS SET A RADICAL COURSE FROM THE VERY START. AS DETAILED ABOVE, THEY DECIDED TO EMBRACE THE CUBANS AND SOVIETS AND TO SUPPORT GUERRILLA WARFARE ELSEWHERE IN CENTRAL AMERICA EVEN BEFORE THEY CAME TO POWER, LONG BEFORE THERE WAS ANY PRESSURE FROM THE U.S., FROM MILITARY EXERCISES OR FROM U.S.-SUPPORTED NICARAGUANS.

THE SANDINISTAS HAVE SCORED MANY PROPAGANDA POINTS AGAINST THE NICARAGUAN RESISTANCE FIGHTERS, PARTICULARLY OUTSIDE OF NICARAGUA. BUT IN FACT THE ARMED RESISTANCE HAS SUCCEEDED IN PREVENTING THE SANDINISTAS FROM USING THEIR SUPERIOR MILITARY FORCE TO CONSOLIDATE THEIR

POWER. BY 1982, DEMOCRATIC GROUPS INSIDE NICARAGUA WERE INCREASINGLY DEMORALIZED BY SANDINISTA REPRESSION. WHEN ANTI-SANDINISTA NATIONALISTS TOOK UP ARMS, LARGE NUMBERS OF PEASANT MILITIA MEMBERS DESERTED AND CHOSE TO FIGHT TO DEFEND THEIR COUNTRY AGAINST THE SOVIET BLOC AND THE FOREIGN "INTERNATIONALISTS." THEIR RESISTANCE KEPT NICARAGUA'S FUTURE IN DOUBT AND GAVE FRESH HOPE TO ALL NICARAGUANS WHO OPPOSED THE SANDINISTAS.

THE SANDINISTAS' ATTEMPT TO SHRUG ALL THIS OFF BY LABELING THEIR OPPONENTS "SOMOCISTAS" FIGHTING AS "MERCENARIES" IN A "YANKEE WAR" OF AGGRESSION HAS PROVED BOTH LESS ACCURATE AND LESS EFFECTIVE THAN THEY OBVIOUSLY HOPED.

THE MAIN RESISTANCE ORGANIZATION, THE UNITED NICARAGUAN OPPOSITION UNDO, HAS BECOME A FOCUS FOR NICARAGUANS FROM ALL WALKS OF LIFE AND POLITICAL CONVICTION. MANY OF THEM HAVE DIFFERENT IDEAS ABOUT HOW TO REGAIN THE REVOLUTION THAT THE SANDINISTAS STOLE FROM THEM, BUT THEY REALIZE THAT THEIR COMMON RESISTANCE TO THE SANDINISTAS IS MORE IMPORTANT THAN THEIR INDIVIDUAL DIFFERENCES.

THIS MULTIPLICITY OF VIEWS AND TALENT HAS RESULTED IN GROWING PAINS FOR UNDO. WE EXPECT THE UNDO COALITION TO CONTINUE TO BROADEN, BOTH INSIDE AND OUTSIDE NICARAGUA. IT IS ONLY NATURAL THAT NEW LEADERS SHOULD EMERGE. WE VIEW THIS EFFORT TO MAKE ROOM FOR NEW IDEAS AS A HEALTHY AND NECESSARY STEP IN THE DEVELOPMENT OF A DEMOCRATIC OPPOSITION.

THE LEADERS OF UNDO, ADOLFO CALERO, ORTURO CRUZ, AND ALFONSO ROBELO, SHARE WITH THE NEW TALENT THAT HAS JOINED UNDO A HISTORY OF OPPOSITION TO SOMOZA. ALL THREE ACTIVELY OPPOSED SOMOZA WHILE HE WAS STILL IN POWER. CALERO WAS JAILED BY SOMOZA; FIRST ROBELO THEN CRUZ BECAME JUNTA MEMBERS WITH THE SANDINISTAS.

THE LARGEST GUERRILLA FORCES BELONG TO THE NICARAGUAN DEMOCRATIC FORCE (FON), HEADED BY CALERO SINCE 1983. OTHER IMPORTANT RESISTANCE ORGANIZATIONS INCLUDE THE SOUTHERN OPPOSITION BLOC MOS, WHICH GREW OUT OF ARDE, QUILT BY ROBELO AND FORMER SANDINISTA COMANDANTE EDEM PASTORA, AND MISURASATA AND KISAN FIGHTERS ACTIVE AMONG THE INDIANS OF THE ATLANTIC COAST.

RESISTANCE FIGHTERS ARE OVERWHELMINGLY RURAL YOUTHS. MOST WERE IN THEIR EARLY TEENS, AND MANY EVEN YOUNGER, WHEN SOMOZA FELL IN 1979. THEIR STRUGGLE IS NOT ON BEHALF OF

THE OLD DICTATORSHIP--IT IS AGAINST THE NEW DICTATORSHIP ARMED BY CUBA AND THE SOVIET UNION. THEY FIGHT IN RESPONSE TO SANDINISTA ATTEMPTS TO CONTROL THEIR FARMING, THEIR CHURCHES, THEIR SCHOOLS, AND IN SOME CASES THEIR

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INDIGENOUS CULTURES. MANY JOINED THE RESISTANCE IN PREFERENCE TO BEING DRAFTED TO FIGHT FOR THE SANDINISTAS AGAINST THEIR FRIENDS AND NEIGHBORS. IN DEFENDING THEIR FAMILIES AND COMMUNITIES, THESE YOUNG NICARAGUANS ARE FIGHTING ABOVE ALL ELSE FOR SELF-DETERMINATION.

THE \$100 MILLION IN RENEWED AID TO THE RESISTANCE IS HELPING THE RESISTANCE TO IMPROVE ITS MILITARY SKILLS AND CAPABILITIES. BY THE TIME IT WAS APPROVED IN MID-OCTOBER 1986, HOWEVER, THE PREVIOUS ALLOTMENT OF U.S. AID, \$27 MILLION IN HUMANITARIAN ASSISTANCE, HAD BEEN ESSENTIALLY EXHAUSTED SINCE THE END OF JULY. NEW SUPPLIES HAVE MET BASIC NEEDS FOR FOOD, MEDICAL CARE, UNIFORMS AND MILITARY MATERIEL. THE RESULT IS THAT THE NUMBER OF RESISTANCE COMBATANTS INSIDE NICARAGUA HAS GROWN BY THOUSANDS IN THE LAST THREE MONTHS.

MILITARY IMPROVEMENTS HAVE BEEN EQUALLED BY IMPORTANT STRIDES IN THE RESISTANCE'S POLITICAL ACTIVITIES, WHICH ARE ESSENTIAL TO THE TASK OF INCREASING ACTIVE SUPPORT FOR THE RESISTANCE IN NICARAGUA AND TO THE ULTIMATE VICTORY OF DEMOCRATIC FORCES.

LESS THAN A MONTH AGO, ON JANUARY 10, UNO AND BOS ISSUED AN AGREEMENT ON JOINT POLITICAL GOALS, THE "STATEMENT OF THE COMMITMENT TO DEMOCRACY OF THE NICARAGUAN RESISTANCE." THE STATEMENT CALLS FOR POLITICAL PLURALISM, REPRESENTATIVE DEMOCRACY, A STATE OF LAW THAT RESPECTS AND GUARANTEES FUNDAMENTAL HUMAN RIGHTS AS RECOGNIZED IN INTERNATIONAL CONVENTIONS, A FAIR SYSTEM OF JUSTICE, ECONOMIC FREEDOM WITH GUARANTEED PROPERTY RIGHTS, AND RESPECT FOR THE CULTURAL IDENTITY AND POLITICAL RIGHTS OF INDIGENOUS GROUPS OF THE ATLANTIC COAST. UNO AND BOS ALSO CALL FOR THE DISMANTLING OF THE SANDINISTA SYSTEM OF PARTY CONTROL OF THE ARMY AND POLICE FORCES, AND THE SUBORDINATION OF SUCH FORCES TO NATIONAL CIVILIAN AUTHORITIES IN THE DEMOCRATIC NICARAGUA OF THE FUTURE. THIS DOCUMENT IS THE PRODUCT OF EXTENSIVE DISCUSSIONS AMONG UNO AND BOS LEADERS, AND IT WAS CONSIDERED BY THE UNO AND BOS ASSEMBLIES. THE UNO ASSEMBLY, A BODY INCLUDING REPRESENTATIVES OF THIRTEEN NICARAGUAN POLITICAL, LABOR, BUSINESS AND ETHNIC ORGANIZATIONS IN EXILE, DEBATED IT AT A TWO-DAY SESSION IN SAN JOSE, COSTA RICA, LAST NOVEMBER.

SINCE JANUARY 4, 1987, RADIO LIBERACION, THE OFFICIAL VOICE OF UNO, HAS BEEN ON THE AIR CARRYING A MESSAGE OF HOPE AND RESISTANCE TO THE NICARAGUAN PEOPLE. IT PROVIDES AN OBJECTIVE SOURCE OF INFORMATION ON WORLD AND DOMESTIC NEWS, AND IT GIVES RESISTANCE LEADERS A CHANCE TO EXPLAIN THEIR POLITICAL MESSAGE DIRECTLY TO THE PEOPLE OF NICARAGUA. RADIO LIBERACION IS HEARD THROUGHOUT THE COUNTRY FOR TWELVE HOURS EACH DAY.

UNO HAS DEVELOPED A DIPLOMATIC STRATEGY TO GET ITS MESSAGE ACROSS TO LATIN AMERICAN AND OTHER GOVERNMENTS; IT HAS A FUNCTIONING SECRETARIAT FOR INTERNATIONAL RELATIONS WITH REPRESENTATIVES IN SEVERAL LATIN AMERICAN AND EUROPEAN CAPITALS. IN ADVANCE OF THE JANUARY CENTRAL AMERICAN TOUR OF THE CONTADORA FOREIGN MINISTERS WITH THE UN AND OAS SECRETARIES GENERAL, THE UNO DIRECTORS SENT A LETTER OUTLINING THE UNO POSITION ON NEGOTIATIONS AND DETAILING THE OFFERS FOR DIALOGUE THE RESISTANCE HAS MADE SINCE LATE 1982.

INDICATIVE OF UNO'S SUCCESS IN BROADENING ITS POLITICAL BASE IS THE ADDITION OF TWO NEW KEY PERSONNEL TO THE DIRECTORATE STAFF:

THE FORMER PRESIDENT OF THE NICARAGUAN SOCIAL DEMOCRATIC

PARTY, LUIS RIVAS LEIVA, BECAME AN UNO POLITICAL COORDINATOR.

A FORMER PASTORA COMMANDER, LUIS "WICHO" RIVAS LEAL, WAS NAMED MILITARY COORDINATOR TO STRENGTHEN CIVILIAN CONTROL OF THE RESISTANCE FORCES.

IN NOVEMBER, THE NICARAGUAN HUMAN RIGHTS ASSOCIATION WAS ESTABLISHED HEADED BY MARTA PATRICIA BALTOIANO, A HIGHLY RESPECTED HUMAN RIGHTS ACTIVIST. FUNDED BY THE \$3 MILLION AUTHORIZED BY CONGRESS FOR HUMAN RIGHTS PROGRAMS AND NOW FULLY STAFFED, THIS INDEPENDENT GROUP IS MONITORING HUMAN RIGHTS PERFORMANCE BY BOTH SIDES IN THE CIVIL WAR AND IS PROVIDING TRAINING IN HUMAN RIGHTS AND THE LAWS OF WAR TO RESISTANCE FORCES.

THESE AND OTHER EFFORTS HAVE MADE CLEAR BEYOND DOUBT THE DEMOCRATIC COMMITMENT OF THE NICARAGUAN RESISTANCE. THEY HAVE ALSO GIVEN THE RESISTANCE THE TOOLS IT NEEDS TO PROJECT ITS DEMOCRATIC MESSAGE TO NICARAGUA AND TO THE WORLD. THE SANDINISTAS ARE DOING THEIR PART, TOO: THEIR DIPLOMATIC INTRANSIGENCE AND THEIR SOGUS CONSTITUTION, LARGELY SUSPENDED LESS THAN FOUR HOURS AFTER IT WAS ISSUED, HAVE ADDED TO THEIR ISOLATION FROM BOTH THE

NICARAGUAN PEOPLE AND THEIR DEMOCRATIC NEIGHBORS. MORE THAN EVER, THE RESISTANCE IS POISED AND EQUIPPED TO ADVANCE ITS CAUSE ON THE POLITICAL, MILITARY AND DIPLOMATIC FRONTS. AS ALWAYS, THEY ASK FOR AMERICAN AID BUT NOT FOR AMERICAN TROOPS. OUR CONTINUED SUPPORT IS ESSENTIAL TO THEIR PROSPECTS FOR SUCCESS.

VI. THE DIPLOMATIC SITUATION

OUR OBJECTIVE REMAINS A POLITICAL SOLUTION TO THE CENTRAL AMERICAN CONFLICT. BUT LET ME SPEAK BLUNTLY. NICARAGUA IS AT THE ROOT OF THE MILITARY CONFLICT IN CENTRAL AMERICA, AND THERE WILL BE NO PEACE IN THE REGION UNTIL THE PROBLEM POSED BY NICARAGUA HAS BEEN DEALT WITH.

WE SUPPORT THE CONTADORA PROCESS. THAT PROCESS, INITIATED ALMOST FOUR YEARS AGO, IS DESIGNED TO BRING ABOUT A COMPREHENSIVE SOLUTION TO THE PROBLEMS AFFLICTING THE REGION. WE HAVE LONG STATED THAT AN ACCEPTABLE AGREEMENT MUST BE COMPREHENSIVE; ITS COMMITMENTS MUST ENTER INTO FORCE SIMULTANEOUSLY; IT MUST HAVE ADEQUATE PROVISIONS FOR VERIFICATION. AND IT MUST BE ACCEPTABLE TO THE CENTRAL AMERICANS. AN AGREEMENT CANNOT BE IMPOSED FROM OUTSIDE THE REGION. IT CANNOT BE IMPOSED BY US, AND IT CANNOT BE IMPOSED BY THE CONTADORA GROUP.

ALL OF US ARE LOOKING FOR A FORMULA THAT WILL BRING PEACE TO THIS TROUBLED REGION. WHO COULD WANT PEACE MORE THAN PRESIDENT DUARTE OF EL SALVADOR, A MAN WHO HAS SEEN HIS COUNTRY BAVAGED FOR ALMOST SEVEN YEARS BY A COMMUNIST-LED INSURGENCY. WHO COULD WANT PEACE MORE THAN PRESIDENT AZCONA OF HONDURAS, WHOSE COUNTRY HAS SUFFERED THE DIRECT CONSEQUENCES OF TWO MAJOR SANDINISTA INCURSIONS DURING THE PAST YEAR. WHO COULD WANT PEACE MORE THAN PRESIDENT CERREJO OF GUATEMALA AS HE LEADS HIS COUNTRY FROM MILITARY RULE TO CIVILIAN-LED DEMOCRACY. AND WHO COULD WANT PEACE MORE THAN OSCAR ARIAS OF COSTA RICA, PRESIDENT OF A NATION WITHOUT AN ARMY, WHO LOOKS ACROSS AN UNDEFENDED BORDER AT THE LARGEST MILITARY FORCE IN CENTRAL AMERICAN HISTORY.

YET IT IS THE LEADERS OF THESE SAME CENTRAL AMERICAN DEMOCRACIES WHO STEADFASTLY RESIST PRESSURES FROM OUTSIDE THE REGION -- FROM THE CONTADORA AND THE SUPPORT GROUP, FROM EUROPEAN DEMOCRATS, AND EVEN FROM MEMBERS OF OUR OWN

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CHURCHES -- TO AVOID AN UNBALANCED AGREEMENT MERELY FOR THE SAKE OF HAVING AN AGREEMENT IN THE VAIN HOPE THAT SUCH AN AGREEMENT WOULD SOMEHOW CONTAIN VIOLENCE IN THE REGION.

THE CENTRAL AMERICAN DEMOCRACIES ARE INCREASINGLY VOCAL IN THEIR JUDGMENT THAT DEMOCRACY IN NICARAGUA IS THE KEY TO PEACE IN CENTRAL AMERICA. COSTA RICAN PRESIDENT ARIAS IS ATTEMPTING TO CREATE A PLAN FOR A CEASE-FIRE AND A TRANSITION TO DEMOCRATIC RULE IN NICARAGUA; THIS PLAN MAY BE UNVEILED AT A FORTHCOMING MEETING OF THE PRESIDENTS OF THE FOUR CENTRAL AMERICAN DEMOCRACIES.

THE PRESIDENT'S SPECIAL ENVOY FOR CENTRAL AMERICA, AMBASSADOR PHILIP NABIS, ONE OF OUR MOST DISTINGUISHED CAREER DIPLOMATS, IS CONSULTING WITH OUR ALLIES. SINCE ASSUMING HIS RESPONSIBILITIES IN MARCH 1986, AMBASSADOR NABIS HAS MADE 18 TRIPS TO THE REGION. HIS ACTIVE DIPLOMACY IS TANGIBLE EVIDENCE OF OUR DETERMINATION TO KEEP THE NEGOTIATING DOORS OPEN.

OUR EXPERIENCE IN SEVEN YEARS OF DEALING WITH THE SANDINISTA LEADERSHIP MAKES CLEAR THAT THE MARXIST-LENINISTS IN MANAGUA WILL NEGOTIATE SERIOUSLY ONLY WHEN THEY ARE CONVINCED THAT THEY HAVE MORE TO LOSE THAN TO GAIN IF THEY CONTINUE TO REFUSE TO SIT DOWN WITH THOSE WHO WANT AN OPEN, PLURALISTIC SOCIETY.

VII. PROSPECTS

WE STILL HAVE A LONG WAY TO GO. NICARAGUA IS CLEARLY THE MAJOR STUMBLING BLOCK TO PEACE IN CENTRAL AMERICA. WHILE AT TIMES OSTENSIBLY COOPERATING WITH CONTADORA, THE SANDINISTAS HAVE PERSISTENTLY TRIED TO REORIENT THE NEGOTIATING PROCESS TO THEIR OWN ADVANTAGE.

ON THE INTERNAL SCENE, THE SANDINISTAS' PERIODIC GESTURES TO THE OPPOSITION HAVE ALWAYS LACKED SUBSTANCE AND HAVE BEEN REVERSED. THE INDEPENDENT DAILY LA PRENSA IS CLOSED INDEFINITELY. THE STATE OF EMERGENCY HAS BEEN PROLONGED DESPITE THE PROMULGATION OF A NEW CONSTITUTION IN JANUARY 1987.

THE MILITARY PRESSURE BY THE RESISTANCE HAS GIVEN STRENGTH TO DIPLOMATIC INITIATIVES AND OTHER EFFORTS TO PRESSURE NICARAGUA TO FULFILL ITS COMMITMENTS TO PLURALISM AND BASIC HUMAN RIGHTS. IRONICALLY, THE FEAR OF MORE DIRECT U.S. INTERVENTION HAS GALVANIZED SOME LATIN AMERICANS AND EUROPEANS INTO PRESSING THE SANDINISTAS TO REDUCE THEIR TIES TO CUBA AND THE SOVIET UNION. THERE IS A CONSENSUS, EXPRESSED BY THE BIPARTISAN COMMISSION AND SHARED PRIVATELY BY THE CONTADORA NEGOTIATORS, THAT NICARAGUA'S MILITARY TIES TO CUBA AND

THE SOVIET UNION ARE AN OBSTACLE TO PEACE AND DEVELOPMENT IN THE ENTIRE REGION.

THE SANDINISTA'S PERIODIC NEGOTIATING POSTURES HAVE TENDED TO BE COSMETIC. THESE TACTICAL MOVES ARE LARGELY THE RESULT OF PRESSURES -- THE PRESSURES CREATED BY THE ARMED RESISTANCE, BY OUR SUPPORT FOR NICARAGUA'S NEIGHBORS, THE END OF SOVIET AND CUBAN INFLUENCE IN GRENADA, AND GROWING WESTERN EUROPEAN CRITICISM.

BUT NO PRESSURE CHALLENGES THE SANDINISTAS MORE DIRECTLY THAN THE GROWING OPPOSITION THEY FACE AT HOME.

--THE SANDINISTAS HAD ASSUMED THAT THEIR MASSIVE MILITARY AND SECURITY APPARATUS WOULD SILENCE THEIR INTERNAL CRITICS.

--BUT NEITHER THE CHURCH, LABOR, BUSINESS NOR THE PRESS HAVE BEEN COWED. DESPITE ENORMOUS PRESSURES, THEY HAVE CONTINUED TO DEFEND THEMSELVES AND THEIR PRINCIPLES.

--THE ARMED RESISTANCE IS FIGHTING NOT BECAUSE THEY WANT A RETURN TO SOMOCISMO AS THE SANDINISTAS CLAIM, BUT BECAUSE NICARAGUANS FOUGHT SOMOZA FOR FREEDOM, NOT JUST TO FALL PREY TO THE SOVIET BLOC.

ON EASTER SUNDAY 1986, NICARAGUA'S CATHOLIC BISHOPS SAID EXPLICITLY THAT "THE NICARAGUANS THAT HAVE RISEN IN ARMS AGAINST THE GOVERNMENT" MUST BE ALLOWED TO PARTICIPATE IN A DIALOGUE FOR PEACE. IF SUSTAINED, U.S. SUPPORT FOR THE RESISTANCE COULD ACHIEVE WHAT DIPLOMACY ALONE HAS NOT: TO CREATE DOUBTS IN THE MINDS OF THE SANDINISTAS ABOUT THEIR ASSUMPTION THAT SOVIET BLOC SUPPORT GUARANTEES THAT THEY CAN DO WHAT THEY WANT.

PRESSURES HAVE AT ONE POINT OR ANOTHER ALREADY FORCED THE SANDINISTAS TO THINK ABOUT HOW TO DEAL WITH SUCH KEY ISSUES AS:

--THEIR SUPPORT FOR THE SALVADORAN GUERRILLAS;

--THE PRESENCE OF CUBAN ADVISORS IN NICARAGUA;

--TRYING TO USE ELECTIONS TO REDUCE INTERNAL OPPOSITION; AND

--ATTEMPTING TO TURN CONTADORA INTO A MEANS OF STOPPING EXTERNAL SUPPORT FOR THE RESISTANCE.

TO DATE, THESE MOVES HAVE ULTIMATELY PROVED WHOLLY TACTICAL. THE SANDINISTAS HAVE YET TO GIVE UP ANYTHING SIGNIFICANT, EITHER DOMESTICALLY OR IN THEIR TIES TO CUBA AND THE SOVIET UNION.

WE BELIEVE THEY WILL NOT GIVE UP ANYTHING THEY ARE NOT FORCED TO GIVE UP.

VIII. CONCLUSION

SECRETARY SHULTZ HAS STRESSED REPEATEDLY THAT THE COMPLEXITY OF THE CENTRAL AMERICAN CRISIS DEMANDS EQUALLY SOPHISTICATED AND RESPONSIBLE U.S. POLICIES.

AS NOTED AT THE BEGINNING OF THIS STATEMENT, OUR STRATEGY SEEKS TO APPLY MANY ELEMENTS SIMULTANEOUSLY. THE ADMINISTRATION WAS PLEASED TO SUPPORT LAST YEAR'S MOVE IN CONGRESS TO ADD \$300 MILLION TO OUR FISCAL YEAR 1986 AID TO THE CENTRAL AMERICAN DEMOCRACIES. THIS WAS A POSITIVE CONTRIBUTION TO OUR REGIONAL APPROACH TO THE DEFENSE OF DEMOCRACY IN CENTRAL AMERICA. WE SHARED THE WIDESPREAD DISAPPOINTMENT IN CONGRESS WHEN THE FINAL TERMS OF THE CONTINUING RESOLUTION PREVENTED THE RELEASE OF THESE ADDITIONAL FUNDS. ADDITIONAL AUTHORIZATION IS NOT NEEDED NOW. THE FUNDS HAVE BEEN AUTHORIZED. THE PROBLEM IS THAT THEY HAVE NOT BEEN APPROPRIATED IN A FORM WHICH ENABLES US TO PROVIDE THEM AS THE ADDITIONAL ASSISTANCE THE DEMOCRACIES NEED. THIS \$300 MILLION IS NOW INCLUDED IN THE ADMINISTRATION'S SUPPLEMENTAL BUDGET REQUEST. WE STAND READY TO COOPERATE WITH YOU IN HAVING IT PASSED AND SIGNED INTO LAW.

SUPPORT FOR THE NICARAGUAN RESISTANCE IS ALSO AN ESSENTIAL COMPONENT OF OUR REGIONAL POLICY TO PROMOTE DEMOCRACY AND PEACE. IT IS THE ONLY ELEMENT THAT DIRECTLY COUNTERS THE SANDINISTAS' PLAN TO MONOPOLIZE POWER IN NICARAGUA ON THEIR OWN TERMS. IN THE

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COMPREHENSIVE CENTRAL AMERICAN OUTLOOK, THE RESISTANCE IS INDISPENSABLE TO THE SUCCESSFUL INTERPLAY BETWEEN ECONOMIC AND MILITARY ASSISTANCE, DIPLOMACY AND NEGOTIATIONS.

TO ACHIEVE REAL PROGRESS, PRESSURE ON THE SANDINISTAS MUST BE RELENTLESS AND THERE MUST BE A DIPLOMATIC ALTERNATIVE OPEN TO THEM. THIS MEANS THAT U.S. SUPPORT FOR NICARAGUAN RESISTANCE FORCES MUST CONTINUE. IT ALSO MEANS THAT WE SHALL CONTINUE TO SUPPORT THE CONTADORA OBJECTIVES, INCLUDING THE CONTADORA GOAL OF INTERNAL DIALOGUE IN NICARAGUA, WHICH THE RESISTANCE EMBRACES AND

THE SANDINISTAS REJECT.

ALL OF NICARAGUA'S NEIGHBORS ACCEPT DEMOCRATIC PRINCIPLES OF NATIONAL RECONCILIATION. ALL OF NICARAGUA'S NEIGHBORS HAVE JOINED IN COOPERATING TO RESIST SANDINISTA PRESSURES -- OFTEN SETTING ASIDE MAJOR DIFFERENCES OF THEIR OWN IN THEIR CONVICTION THAT THE TOTALITARIAN AMBITIONS AND COMMUNIST TIES OF THE SANDINISTAS ARE A BARRIER TO PEACE FOR THE ENTIRE REGION.

THE ODD MAN OUT IS NICARAGUA, WHICH ALSO MUST BE BROUGHT IN -- AND KEPT IN -- THE PROCESS. THE DEMOCRATIC RESISTANCE IS INDISPENSABLE TO THAT END.

THE CHOICES FOR THE UNITED STATES ARE CLEAR:

(1) TO WALK AWAY, ABANDONING THE NICARAGUAN PEOPLE AND OUR DEMOCRATIC FRIENDS IN CENTRAL AMERICA TO FEND FOR THEMSELVES;

(2) TO ATTEMPT A CONTAINMENT POLICY, ACCEPTING COMMUNIST RULE IN MANAGUA (AND THE DEFEAT OF THE DEMOCRATIC HOPES OF THE NICARAGUAN PEOPLE) BUT SEEKING TO SUSTAIN DEMOCRACY ELSEWHERE IN CENTRAL AMERICA WITH MASSIVE EXPENDITURES AND MILITARY DEPLOYMENTS; OR

(3) TO CONTINUE OUR CURRENT TWO-TRACK POLICY, BACKING THE RESISTANCE AS OFFERING THE ONLY PROSPECT FOR NEGOTIATING A DEMOCRATIC SOLUTION IN CENTRAL AMERICA THAT PROTECTS OUR NATIONAL INTERESTS.

OUR ASSESSMENT IS THAT WE CAN AND MUST HELP THE DEMOCRACIES TO DEVELOP THROUGH ECONOMIC AND SECURITY ASSISTANCE, BUT THAT ONLY PRESSURE APPLIED DIRECTLY TO NICARAGUA CAN PRODUCE GAINS THAT WILL DECREASE THE RISK OF SOVIET AND CUBAN DOMINATION OF CENTRAL AMERICA. IF WE ARE CORRECT IN THIS ASSESSMENT, AND EXPERIENCE SUGGESTS THAT WE ARE, THEN THE ALTERNATIVE TO OUR CURRENT TWO-TRACK POLICY OF SUPPORT FOR THE RESISTANCE AND NEGOTIATIONS WOULD BE TO FURTHER SHORE UP NICARAGUA'S NEIGHBORS AGAINST SANDINISTA AGGRESSION. THE ALTERNATIVE APPROACH WOULD BE VERY DIFFICULT AND WOULD CARRY AT BEST LIMITED ASSURANCES THAT IT COULD WORK. THE KISSINGER COMMISSION ANALYZED WHAT CONTAINMENT IN THIS SITUATION WOULD REQUIRE AND WHERE IT WOULD LEAD. ITS FINDINGS, ANNEXED TO THIS STATEMENT, LED IT TO REJECT CONTAINMENT ON THE GROUNDS THAT THE ATTEMPT WOULD BE MORE LIKELY TO CREATE GARRISON STATES AND BOOM DEMOCRACY THAN TO BRING PEACE UNLESS U.S. FORCES BECAME DIRECTLY INVOLVED.

ON DECEMBER 16, SPEAKING TO JOURNALISTS IN SAN JOSE, COSTA RICA, PRESIDENT ARIAS SAID:

I WANT TO MAKE CLEAR TO YOU MY POSITION, WHICH IS THE SAME THAT I EXPRESSED IN WASHINGTON.

IT WOULD CAUSE ME GREAT SORROW IF, BECAUSE OF WHAT HAS

HAPPENED IN THE U.S. -- THE SO-CALLED IRANGATE -- AID TO THE CONTRAS IS TERMINATED AND NOTHING MORE . . .

THAT THIS RESULTS IN ALLOWING THE SANDINISTA REGIME TO CONSOLIDATE, TO NOT CHANGE, TO NOT YIELD, TO NOT COMPROMISE, AND EVERYTHING REMAINS THE SAME. I WOULD SAY TO YOU THAT TO ME AS A COSTA RICAN IT WOULD CAUSE GREAT REGRET, AND I BELIEVE THAT IT WOULD HURT THE NICARAGUAN PEOPLE MUCH MORE THAN ME BECAUSE THEY HAVE FOUGHT SO HARD TO GET RID OF ONE TYRANT, ONE DICTATOR, AND SEVEN YEARS LATER THEY HAVE NINE . . .

(IF) THIS SCANDAL RESULTS ONLY IN CONGRESS NOT APPROVING MORE MILITARY AID, AND LEAVES MATTERS IN NICARAGUA AS THEY ARE, I THINK IT WOULD BE REGRETTED BY THE CONTADORA GROUP, THE SUPPORT GROUP, BY THE OTHER CENTRAL AMERICAN NATIONS, BY THE WHOLE WORLD. BECAUSE -- LET'S NOT FOOL OURSELVES -- ALTHOUGH THE WORLD DOES NOT SUPPORT THE WAR, THIS DOESN'T MEAN IT CONCURS IN THE STATUS QUO IN NICARAGUA. THERE IS A DISTINCTION BETWEEN NOT CONCURRING IN A MILITARY OUTCOME BUT WANTING IMPORTANT CHANGE IN THE MANAGUA REGIME . . .

LIKE PRESIDENT ARIAS, WE SEEK A DEMOCRATIC OUTCOME FOR THE STRUGGLE OF THE PEOPLE OF NICARAGUA. THE COSTS OF FAILURE ARE TOO HIGH: A DIRECT SOVIET CHALLENGE TO U.S. SECURITY INTERESTS NOT LIMITED TO CENTRAL AMERICA ALONE, ACCOMPANIED BY SPREADING POLITICAL EXTREMISM GENERATED BY SOVIET SUPPORT FOR TOTALITARIAN ELEMENTS AND BY LOCAL REACTIONS AGAINST IT, ALL THIS CREATING A DYNAMIC THAT WOULD RISK THE FUTURE WELLBEING OF MILLIONS OF OUR NEIGHBORS.

JUST AS DEMOCRACY CAME TO EL SALVADOR, IT CAN COME TO NICARAGUA. AS IN EL SALVADOR, IT CAN BE WON BY CENTRAL AMERICANS WHO ARE WILLING TO DEFEND THE DEMOCRATIC CAUSE AND SERVE OUR COMMON INTERESTS DEFEATING A SOVIET-SUPPORTED STRATEGY TO GAIN NEW SATELLITES -- AND NEW MILITARY BEACHHEADS -- IN THIS HEMISPHERE. FOR OUR PART, WE NEED TO SUPPORT OUR FRIENDS WITH PATIENCE, CONFIDENCE AND STEADFASTNESS. THE ELEMENTS OF A

SUCCESSFUL POLICY ARE IN PLACE. NOW LET'S COMBINE OUR EFFORTS TO MAKE IT WORK.

ANNEX

THE REPORT OF THE NATIONAL BIPARTISAN COMMISSION ON CENTRAL AMERICA, ISSUED IN JANUARY 1984, STATES THE CONCLUSIONS OF THE COMMISSION THIS WAY AT PAGES 114-115:

THEORETICALLY, THE UNITED STATES AND ITS FRIENDS COULD . . . TRY TO CONTAIN A NICARAGUA WHICH CONTINUED TO RECEIVE MILITARY SUPPLIES ON THE PRESENT SCALE. IN PRACTICAL (SIC) TERMS, HOWEVER, SUCH A COURSE WOULD PRESENT MAJOR DIFFICULTIES. IN THE ABSENCE OF A POLITICAL SETTLEMENT, THERE WOULD BE LITTLE INCENTIVE FOR THE SANDINISTAS TO ACT RESPONSIBLY, EVEN OVER A PERIOD OF TIME, AND MUCH INDUCEMENT TO ESCALATE THEIR EFFORTS TO SUBVERT NICARAGUA'S NEIGHBORS. TO CONTAIN THE EXPORT OF REVOLUTION WOULD REQUIRE A LEVEL OF VIGILANCE AND SUSTAINED EFFORT THAT WOULD BE DIFFICULT FOR NICARAGUA'S NEIGHBORS AND EVEN FOR THE UNITED STATES. A FULLY MILITARIZED AND EQUIPPED NICARAGUA, WITH EXCELLENT INTELLIGENCE AND COMMAND AND CONTROL ORGANIZATIONS, WOULD WEIGH HEAVILY ON THE NEIGHBORING COUNTRIES OF THE REGION. THIS THREAT WOULD BE PARTICULARLY ACUTE FOR DEMOCRATIC, UNARMED COSTA RICA. IT WOULD HAVE ESPECIALLY SERIOUS IMPLICATIONS FOR VITAL U.S. INTERESTS IN THE PANAMA CANAL. WE WOULD THEN FACE THE PROSPECT, OVER TIME, OF

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THE COLLAPSE OF THE OTHER COUNTRIES OF CENTRAL AMERICA, BRINGING WITH IT THE SPECTRE OF MARXIST DOMINATION OF THE ENTIRE REGION AND THUS THE DANGER OF A LARGER WAR.

THE NOTION THAT THE UNITED STATES SHOULD COPE WITH A MARXIST-LENINIST NICARAGUA, MILITARILY ALLIED TO THE SOVIET UNION AND CUBA, THROUGH LONG-TERM CONTAINMENT ASSUMES AN ANALOGY BETWEEN CONDITIONS IN POST-WAR EUROPE AND THE PRESENT CIRCUMSTANCES OF CENTRAL AMERICA. THE EXPERIENCE OF THE POST-WAR PERIOD, HOWEVER, SHOWS THAT CONTAINMENT IS EFFECTIVE TO BACK UP LOCAL FORCES OF STABLE ALLIES FULLY CAPABLE OF COPING WITH INTERNAL CONFLICT AND SUBVERSION FROM WITHOUT. IN SUCH CIRCUMSTANCES, THE UNITED STATES CAN HELP TO ASSURE THE DETERRENCE OF OVERT MILITARY THREATS BY CONTRIBUTING FORCES IN PLACE, OR MERELY BY STRATEGIC GUARANTEES.

ON THE OTHER HAND, WHERE INTERNAL INSECURITY IS A CHRONIC DANGER AND WHERE LOCAL GOVERNMENTS ARE UNABLE TO DEAL WITH EXTERNALLY SUPPORTED SUBVERSION, A STRATEGY OF CONTAINMENT HAS MAJOR DISADVANTAGES. IT WOULD RISK THE

INVOLVEMENT OF U.S. FORCES AS SURROGATE POLICEMEN. ANY SIGNIFICANT DEPLOYMENT OF U.S. FORCES IN CENTRAL AMERICA WOULD BE VERY COSTLY NOT JUST IN A DOMESTIC POLITICAL SENSE BUT IN GEO-STRATEGIC TERMS AS WELL. THE DIVERSION OF FUNDS FROM THE ECONOMIC, SOCIAL, MEDICAL, AND EDUCATIONAL DEVELOPMENT OF THE REGION INTO MILITARY CONTAINMENT WOULD EXACERBATE POVERTY AND ENCOURAGE INTERNAL INSTABILITY IN EACH OF THE COUNTRIES THAT BECAME HEAVILY MILITARIZED.

FURTHERMORE . . . THE CREATION OF GARRISON STATES WOULD ALMOST CERTAINLY PERPETUATE THE ARMIES OF THE REGION AS PERMANENT POLITICAL ELITES. THE HOPES OF TRUE DEMOCRACY WOULD NOT BE ENHANCED.

THEREFORE, THOUGH THE COMMISSION BELIEVES THAT THE SANDINISTA REGIME WILL POSE A CONTINUING THREAT TO STABILITY IN THE REGION, WE DO NOT ADVOCATE A POLICY OF STATIC CONTAINMENT. (END ABRAMS TEXT)

J. (BEGIN HABIB TEXT):

PREPARED STATEMENT

THE HONORABLE AMBASSADOR PHILIP C. HABIB

SPECIAL ENVOY FOR CENTRAL AMERICA

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

FEBRUARY 5, 1987

I AM PLEASED TO HAVE BEEN INVITED TO ACCOMPANY ASSISTANT SECRETARY ABRAMS TO DISCUSS WITH THE DISTINGUISHED MEMBERS OF THIS COMMITTEE U.S. POLICY TOWARDS NICARAGUA. MR. ABRAMS HAS JUST GIVEN YOU A BROAD OVERVIEW OF OUR TWO-TRACK POLICY, AND I WILL NOW EXPLAIN OUR VIEWS ON NEGOTIATIONS IN GREATER DETAIL.

WE BELIEVE THAT THERE SHOULD BE A NEGOTIATING PROCESS FOR EVERY CONFLICT. IN CENTRAL AMERICA IT SHOULD BE CLEAR BY NOW THAT NEGOTIATIONS THAT PRODUCE A DEMOCRATIC OUTCOME IN NICARAGUA OFFER THE BEST HOPE FOR PEACE IN THE REGION. THE CONTADORA PROCESS HAS ACKNOWLEDGED THIS ESSENTIAL PRINCIPLE, AND WE HAVE SUPPORTED ITS NEGOTIATING EFFORTS.

THE CONTADORA PROCESS BEGAN IN JANUARY 1983 WHEN COLOMBIA, MEXICO, PANAMA, AND VENEZUELA FORMED THE CONTADORA GROUP TO SEEK A NEGOTIATED SOLUTION TO THE CONFLICT IN CENTRAL AMERICA. IN SEPTEMBER OF THAT YEAR,

THEY AND THE FIVE CENTRAL AMERICAN COUNTRIES PRODUCED THE

DOCUMENT OF OBJECTIVES. THIS DOCUMENT REPRESENTS THE ESSENCE OF CONTADORA; IT CONTAINS 21 POINTS ESSENTIAL TO A JUST AND DURABLE PEACE.

FOR OVER THREE YEARS, THE CONTADORA PROCESS HAS SOUGHT A FORMULA FOR ACCOMPLISHING THESE 21 OBJECTIVES. SEVERAL DRAFT AGREEMENTS OR ACTAS HAVE BEEN TABLED, AND THROUGH LENGTHY NEGOTIATIONS MUCH OF THE LANGUAGE HAS BEEN ACCEPTED BY ALL FIVE OF THE CENTRAL AMERICAN COUNTRIES. HOWEVER, SEVERAL CRITICAL POINTS REMAIN UNRESOLVED. IN 1985, WITH THE PROCESS APPARENTLY DEADLOCKED, FOUR SOUTH AMERICAN NATIONS--ARGENTINA, BRAZIL, PERU, AND URUGUAY--FORMED THE SUPPORT GROUP IN AN EFFORT TO REVITALIZE THE NEGOTIATIONS.

CONTADORA IS AN ALL-LATIN PROCESS THAT NOW INCLUDES THE LARGEST LATIN NATIONS; THESE ARE IMPORTANT COUNTRIES, AND PEOPLE LISTEN WHEN THEY SPEAK. THIS IS AN ENCOURAGING DEVELOPMENT SINCE IT SHOWS LATIN AMERICAN NATIONS COMING TO GRIPS WITH HEMISPHERIC PROBLEMS.

CONTADORA SEEKS A COMPREHENSIVE, REGIONAL APPROACH TO THE PROBLEMS IN CENTRAL AMERICA. THE 21 POINTS OF THE DOCUMENT OF OBJECTIVES COVER THE FULL RANGE OF POLITICAL, SECURITY, MILITARY, AND ECONOMIC ISSUES WHICH MUST BE TAKEN INTO ACCOUNT TO RESOLVE THE CONFLICT IN CENTRAL AMERICA. THEY SPECIFICALLY INCLUDE THE NEED FOR NATIONAL RECONCILIATION AND DEMOCRATIZATION, WHICH ARE THE KEYS TO LASTING PEACE.

THE UNITED STATES HAS CONSISTENTLY SUPPORTED THE CONTADORA PROCESS. WE BELIEVE THAT THIS REGIONAL APPROACH IS THE ONLY WAY TO PRODUCE A DURABLE SOLUTION. OUR OBJECTIVES IN NICARAGUA, WHICH ASSISTANT SECRETARY ABRAMS HAS JUST DESCRIBED TO YOU, ARE FULLY CONSISTENT WITH THE 21 POINTS. WE WOULD WELCOME, AND WE WOULD SUPPORT, AN AGREEMENT THAT ACHIEVED THE COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS IMPLEMENTATION OF THE DOCUMENT OF OBJECTIVES.

WHILE WE SUPPORT THE CONTADORA PROCESS, WE DO NOT NECESSARILY ENDORSE EACH AND EVERY ACTION BY THE CONTADORA COUNTRIES. LARGELY BECAUSE SANDINISTA INTRANSIGENCE HAS FRUSTRATED EFFORTS TO ACHIEVE AN AGREEMENT, WE HAVE SEEN A TENDENCY FOR CONTADORA TO STRAY FROM ITS ORIGINAL OBJECTIVES. SOME MEMBERS HAVE PROMOTED PIECEMEAL SOLUTIONS WHICH WE BELIEVE WOULD ONLY DETRACT FROM THE EFFORTS TO ACHIEVE A DURABLE PEACE. SUCH PARTIAL SOLUTIONS WOULD TEND TO BENEFIT NICARAGUA AND

REDUCE THE INCENTIVE OF THE SANDINISTAS TO NEGOTIATE SERIOUSLY ON KEY ISSUES. THE CENTRAL AMERICAN DEMOCRACIES, THE COUNTRIES MOST AFFECTED BY THE PROBLEM, ALSO DISAGREE WITH THIS PIECEMEAL APPROACH.

LAST JUNE, FOLLOWING THE INABILITY OF THE FIVE CENTRAL AMERICAN COUNTRIES TO REACH AN AGREEMENT AMONG THEMSELVES ON UNRESOLVED PORTIONS OF THE ACTA, THE CONTADORA COUNTRIES PRESENTED THEM WITH A NEW VERSION WHICH THEY DESCRIBED AS THE "FINAL DRAFT." THE CENTRAL AMERICAN DEMOCRACIES FOUND THIS DRAFT TO BE INADEQUATE ON SEVERAL GROUNDS, AND WE AGREED WITH THEM.

FOR ONE THING, THE JUNE DRAFT FAILED TO ADDRESS FULLY THE POLITICAL ISSUES OF NATIONAL RECONCILIATION AND DEMOCRATIZATION. THESE ARE CRUCIAL INGREDIENTS TO PEACE AND ARE SPECIFICALLY CALLED FOR IN THE DOCUMENT OF OBJECTIVES, BUT THE JUNE DRAFT DID LITTLE MORE THAN PAY

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THEM LIP SERVICE. THIS WAS A FATAL FLAW IN THE VIEW OF THE CENTRAL AMERICAN DEMOCRACIES. AT A SUMMIT MEETING JUST A FEW WEEKS EARLIER, THE FOUR DEMOCRATIC PRESIDENTS HAD BEEN LECTURED BY DANIEL ORTEGA ABOUT "REVOLUTIONARY DEMOCRACY" IN NICARAGUA; ORTEGA INSISTED THAT HIS SANDINISTA PARTY WAS THE "VANGUARD" OF THE PEOPLE WITH A HISTORIC RIGHT TO RULE, AND NEITHER BULLETS NOR BALLOTS WOULD EVER DRIVE IT FROM POWER. THE FOUR PRESIDENTS REALIZED THAT ORTEGA WAS USING AN ENTIRELY DIFFERENT VOCABULARY WHEN TALKING ABOUT PLURALISM AND DEMOCRACY. THEY RECOGNIZED THAT IN ANY AGREEMENT, THE POLITICAL TERMS MUST BE SPELLED OUT CLEARLY AND NICARAGUA'S OBLIGATIONS MUST BE ESTABLISHED PRECISELY SO THAT THERE COULD BE NO DOUBT ABOUT WHAT THE SANDINISTAS WERE REQUIRED TO DO. LACKING ADEQUATE PROVISIONS ON POLITICAL ISSUES, THE JUNE DRAFT WAS NOT COMPREHENSIVE.

THE JUNE DRAFT ALSO DID NOT FULLY ADDRESS THE ISSUE OF VERIFICATION. THE WHOLE ANNEX ON VERIFICATION WAS ONLY A ROUGH DRAFT. KEY QUESTIONS WERE UNRESOLVED; FOR EXAMPLE, THERE WAS NO AGREEMENT ON THE MEMBERSHIP OF THE VARIOUS COMMISSIONS, WHAT RIGHTS THEY WOULD HAVE (SUCH AS ACCESS TO MILITARY FACILITIES), AND WHO WOULD PAY FOR THE VARIOUS MECHANISMS.

MOREOVER, THE JUNE DRAFT WOULD NOT IMPLEMENT THE DOCUMENT OF OBJECTIVES IN A SIMULTANEOUS MANNER. WITH THE CENTRAL AMERICANS UNABLE TO RESOLVE KEY MILITARY AND SECURITY ISSUES DURING NEGOTIATIONS IN MAY, THE JUNE DRAFT SOUGHT TO SIDESTEP THE ISSUE. IT PROPOSED THAT ARMS TALKS BE DELAYED UNTIL AFTER THE AGREEMENT HAD BEEN SIGNED,

RATIFIED, AND ENTERED INTO FORCE. THE CENTRAL AMERICAN DEMOCRACIES REJECTED THIS "SIGN NOW, NEGOTIATE LATER" APPROACH. THEY WERE NOT GOING TO "BUY A PIG IN A PORK." THEY WANTED AT LEAST THE BASIC MILITARY AND SECURITY ISSUES TO BE DECIDED BEFORE THEY SIGNED, NOT AFTER.

I SHOULD POINT OUT THAT ALTHOUGH NICARAGUA SAID IT WAS WILLING TO SIGN THE JUNE DRAFT, IT ADDED THE CONDITION THAT FUTURE ARMS TALKS MUST BE CONDUCTED ON ITS TERMS. THE SANDINISTAS HAVE MADE CLEAR THAT THEY WILL NOT EVEN DISCUSS PLACING ANY LIMITS ON THE SIZE OF THEIR ARMY, THE LARGEST IN CENTRAL AMERICA, OR ON MOST OF THE HUGE ARSENAL THEY HAVE RECEIVED FROM THE SOVIETS. THIS IN EFFECT STYMIES ACHIEVEMENT OF ONE OF CONTADORA'S MAIN GOALS--RESTORING A REGIONAL BALANCE OF POWER.

THE CENTRAL AMERICAN DEMOCRACIES INFORMED THE CONTADORA COUNTRIES OF THE DEFICIENCIES THEY SAW IN THE JUNE DRAFT AND INDICATED THEIR DESIRE FOR FURTHER NEGOTIATIONS TO STRENGTHEN THE AGREEMENT. IN JULY, HOWEVER, NICARAGUA FILED SUIT AGAINST COSTA RICA AND HONDURAS AT THE INTERNATIONAL COURT OF JUSTICE. THIS ACTION VIOLATED THE ACT OF BOGOTA WHICH SAYS THAT PARTIES SHOULD NOT SEEK A JURIBICAL RESOLUTION OF A DISPUTE WHILE AN ACTIVE NEGOTIATING PROCESS IS UNDERWAY. COSTA RICA AND HONDURAS, INFURIATED BY THE SANDINISTAS' BAD FAITH, HAVE REFUSED TO PARTICIPATE IN FURTHER NEGOTIATIONS WHILE THE COURT CASES ARE PENDING.

WITH THE NEGOTIATING PROCESS BLOCKED BY THE SANDINISTAS, THE CONTADORA COUNTRIES AND OTHERS HAVE BEEN LOOKING FOR NEW APPROACHES. LAST NOVEMBER, THE SECRETARIES GENERAL OF THE UN AND THE OAS LAUNCHED A JOINT INITIATIVE. THEY OFFERED A "MENU OF SERVICES" AVAILABLE FROM THEIR ORGANIZATIONS TO SUPPORT CONTADORA. WE BELIEVE THAT THESE ORGANIZATIONS, PARTICULARLY THE OAS AS THE REGIONAL BODY, COULD PLAY A USEFUL ROLE IN FACILITATING THE IMPLEMENTATION OF AN AGREEMENT. OF COURSE, FIRST AN

AGREEMENT MUST BE REACHED, AND THIS IS THE TASK CONTADORA SEEKS TO FACILITATE.

LAST MONTH, THE EIGHT CONTADORA AND SUPPORT GROUP FOREIGN MINISTERS PLUS THE UN AND OAS SECRETARIES GENERAL VISITED CENTRAL AMERICA IN AN EFFORT TO REVIVE THE PROCESS. THEY WERE LOOKING FOR COMMON GROUND ON WHICH TO RESUME THE NEGOTIATIONS. THE CENTRAL AMERICAN DEMOCRACIES EXPRESSED THEIR CONTINUING DESIRE FOR A POLITICAL SOLUTION, AND THEY STRESSED THAT THE KEY TO LASTING PEACE WAS DEMOCRATIC POLITICAL CHANGE IN NICARAGUA. PRESIDENT

ROZCUNA OF HONDURAS SENT A LETTER TO HIS COUNTERPARTS IN THE EIGHT CONTADORA AND SUPPORT GROUP COUNTRIES EXPLAINING THAT THE CRISIS IN CENTRAL AMERICA WAS NOT AN INTERNATIONAL CONFLICT BETWEEN COUNTRIES, BUT RATHER AN INTERNAL CONFLICT IN NICARAGUA SPILLING OVER ITS BORDERS; THIS INTERNAL CONFLICT WAS CAUSED BY THE LACK OF DEMOCRACY IN NICARAGUA AND THE SANDINISTAS' EFFORTS TO CONSOLIDATE A MARXIST-LENINIST DICTATORSHIP ALIGNED WITH THE SOVIET UNION AND CUBA. THE DEMOCRACIES STRESSED THAT THE SANDINISTAS MUST ENTER INTO A PROCESS OF DIALOGUE AND NATIONAL RECONCILIATION WITH THEIR OPPOSITION.

UNFORTUNATELY, THE SANDINISTAS REMAIN INTRANSIGENT. THE COMMUNIQUE THEY ISSUED DURING THE CONTADORA VISIT DEMONSTRATED THEIR DESIRE FOR A PIECEMEAL, BILATERAL APPROACH WHICH WOULD RELIEVE THEM OF THE OBLIGATIONS OF A COMPREHENSIVE, VERIFIABLE, AND SIMULTANEOUS CONTADORA SETTLEMENT. THEY CALLED FOR TALKS WITH THE UNITED STATES, HONDURAS, AND COSTA RICA, AS IF THOSE COULD REALLY GET THE ROOT OF THE PROBLEM. THEY REFUSED TO WITHDRAW THEIR CASES AT THE WORLD COURT AGAINST COSTA RICA AND HONDURAS SO THAT NEGOTIATIONS COULD RESUME. MOST IMPORTANTLY, THEY SHOWED NO SIGNS THAT THEY WERE WILLING TO ENTER INTO A DIALOGUE WITH THEIR OWN PEOPLE.

LAST MONTH, ASSISTANT SECRETARY MURRANS AND I MET IN MIAMI WITH THE FOREIGN MINISTER OF COSTA RICA TO DISCUSS SOME IDEAS HIS GOVERNMENT HAD FOR OVERCOMING THE PROBLEMS CAUSED BY SANDINISTA INTRANSIGENCE. PRESIDENT ARIAS, A MAN DEDICATED TO DEMOCRACY WHO SEES POLITICAL CHANGE IN NICARAGUA AS HIS COUNTRY'S ONLY LONG-TERM PROTECTION FROM THE SANDINISTAS, IS SEEKING A FORMULA WITHIN THE CONTADORA FRAMEWORK TO ADDRESS THE SPECIFIC ISSUES OF NATIONAL RECONCILIATION AND DEMOCRATIZATION. HE HAS CALLED FOR A SUMMIT MEETING WITH THE PRESIDENTS OF EL SALVADOR, GUATEMALA, AND HONDURAS FOR FEBRUARY 15, AND HE MAY FORMALLY UNVEIL HIS PROPOSALS AT THAT TIME.

THE UNITED STATES STANDS READY TO COOPERATE WITH CONTADORA AND THE CENTRAL AMERICAN DEMOCRACIES AND TO DO WHAT IT CAN TO SUPPORT THE NEGOTIATING PROCESS. IN 1984, MY PREDECESSOR CONDUCTED NINE ROUNDS OF BILATERAL TALKS WITH THE SANDINISTAS AT THE REQUEST OF CONTADORA. WE SUSPENDED THESE TALKS WHEN IT BECAME CLEAR THAT THE SANDINISTAS WERE ATTEMPTING TO USE THEM NOT TO COMPLEMENT CONTADORA BUT TO REPLACE IT. ESSENTIALLY, THEY SOUGHT A BILATERAL ACCORD WITH THE UNITED STATES WHICH WOULD RESOLVE THEIR MOST PRESSING PROBLEMS AND LEAVE THEM FREE

TO WALK AWAY FROM CONTADORA, THE COMMITMENTS THEY WOULD BE REQUIRED TO MAKE IN ORDER TO FULFILL THE DOCUMENT OF OBJECTIVES, AND ULTIMATELY THE COMMITMENTS TO DEMOCRACY TO NICARAGUA'S PEOPLE THEY MADE IN 1979. WE HAVE STATED THAT WE ARE READY TO RESUME BILATERAL TALKS AS SOON AS THE SANDINISTAS ENGAGE IN A DIALOGUE WITH ALL ELEMENTS OF THEIR OPPOSITION, INCLUDING THE DEMOCRATIC RESISTANCE. WE VIEW OUR POSITION AS AN INCENTIVE FOR THE SANDINISTAS

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TO ENTER INTO A PROCESS OF NATIONAL RECONCILIATION.

THE SANDINISTAS TRY TO CONVINCE ALL WHO WILL STILL LISTEN THAT THE CONFLICT IS A BILATERAL ONE BETWEEN NICARAGUA AND THE UNITED STATES. FEWER AND FEWER PEOPLE ARE BUYING THIS LINE, HOWEVER, AS THEY COME TO REALIZE THAT THE REAL PROBLEM IS BETWEEN THE SANDINISTA REGIME AND ITS OWN PEOPLE, AND BETWEEN NICARAGUA AND ITS DEMOCRATIC NEIGHBORS. WE BELIEVE THAT UNTIL THE SANDINISTAS ARE READY TO COME TO TERMS WITH THEIR OWN PEOPLE, THERE IS NOTHING TO BE GAINED IN BILATERAL TALKS.

SINCE BECOMING THE PRESIDENT'S SPECIAL ENVOY LAST MARCH, I HAVE MADE TEN TRIPS TO THE REGION. I HAVE MADE CLEAR THAT THE UNITED STATES MAINTAINS THE NEGOTIATING HALF OF ITS TWO-TRACK POLICY. WE WANT A GOOD AGREEMENT, NOT A HALF-BAKED SOLUTION THAT WILL MERELY LEAD TO MORE CONFLICT IN THE FUTURE. LIKE THE CENTRAL AMERICAN DEMOCRACIES, WE REJECT THE PIECEMEAL APPROACH. LIKE THEM, WE ALSO WANT A DEMOCRATIC OUTCOME.

LAST MONTH, I VISITED FIVE OF THE CONTADORA AND SUPPORT GROUP CAPITALS AND EXPLAINED THAT WE WELCOME THEIR EFFORTS TO REVIVE THE NEGOTIATING PROCESS. I URGED THEM TO LISTEN CLOSELY TO THE CENTRAL AMERICAN DEMOCRACIES, WHO ARE THE ONES MOST FAMILIAR WITH THE REALITIES OF THE REGION AND WITH WHOM THEY HAVE MUCH MORE IN COMMON THAN SANDINISTA NICARAGUA. WE HOPE THAT THEY ARE LISTENING AND THAT THE VIEWS OF THE CENTRAL AMERICAN DEMOCRACIES ARE GIVEN THE CONSIDERATION THEY CLEARLY DESERVE.

WE ARE HOPEFUL THAT, AWARE THAT THE SANDINISTA REGIME IS THE CORE OF THE PROBLEM, THE CONTADORA COUNTRIES WILL NOW BE PREPARED TO TACKLE THE DIFFICULT POLITICAL ISSUES OF NATIONAL RECONCILIATION AND DEMOCRATIZATION IN NICARAGUA. SOME OF THE CONTADORA COUNTRIES, WHILE RECOGNIZING THE MARXIST-LENINIST NATURE OF THE SANDINISTA REGIME, HAVE BEEN HESITANT TO PROMOTE DEMOCRATIC POLITICAL CHANGE OUT OF CONCERN THAT THIS WAS INTERFERENCE IN NICARAGUA'S INTERNAL AFFAIRS. I BELIEVE THAT AT LEAST SOME OF THEM HAVE NOW COME TO RECOGNIZE

THAT INSISTING ON NATIONAL RECONCILIATION AND DEMOCRATIZATION IS NOT INTERVENTION; NICARAGUA SPECIFICALLY AGREED TO THIS WHEN IT SIGNED THE DOCUMENT OF OBJECTIVES IN 1983. THUS, CONTADORA HAS A MANDATE TO PROMOTE DEMOCRACY AND AN OBLIGATION TO ENSURE THAT THE SANDINISTAS LIVE UP TO THEIR COMMITMENT.

THE SANDINISTAS ARE COMMITTED MARXIST-LENINIST REVOLUTIONAIRES WHO WILL ONLY NEGOTIATE IN EARNEST WHEN UNDER PRESSURE. THE INCREASING PRESSURE ON THE REGIME FROM THE DEMOCRATIC RESISTANCE WILL GIVE THE SANDINISTAS AN INCENTIVE TO ABANDON THEIR INTRANSIGENCE AND TO NEGOTIATE SERIOUSLY. EVEN AS PRESSURE ON THE SANDINISTAS MOUNTS THROUGH OUR AID TO THE DEMOCRATIC RESISTANCE, THE DOOR TO PEACE IS LEFT OPEN. IT IS UP TO THE SANDINISTAS TO WALK THROUGH THAT DOOR. (END MAIN TEXT). SHULTZ

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TAGS: PREL, XN, PN
SUBJECT: AMBASSADOR HABIB'S MEETINGS IN PANAMA

1. (C) ENTIRE TEXT

2. SUMMARY: AMBASSADORS HABIB AND DAVIS MET ON JANUARY 12 WITH FOREIGN MINISTER ABADIA TO REVIEW CURRENT DIPLOMATIC DEVELOPMENTS. ABADIA SAID THE EIGHT CONTADORA/SUPPORT GROUP MINISTERS WOULD MEET WITH THE UN AND OAS SECRETARIES GENERAL IN PANAMA ON JANUARY 18, BEFORE THE TWO-DAY TRIP BY THE TEN TO CENTRAL AMERICA. THE TEN WOULD THEN REVIEW THE TRIP AT A MEETING IN MEXICO CITY ON JANUARY 21. HABIB URGED THE CONTADORA MINISTERS TO LISTEN CAREFULLY TO THE VIEWS OF THE CENTRAL AMERICAN DEMOCRACIES, WHO HAD SOME IMPORTANT NEW IDEAS ON THE SEARCH FOR A NEGOTIATED SOLUTION. ABADIA ASSURED US THAT THEY WOULD ASK THE CENTRAL AMERICANS WHAT THEY THOUGHT SHOULD BE REVISED IN THE JUNE 6 DRAFT CONTADORA ACTA. HABIB SAID THAT IF CONTADORA WANTED NEW NEGOTIATIONS, IT MUST PERSUADE NICARAGUA TO DROP ITS ICJ SUITS AGAINST HONDURAS AND COSTA RICA. ABADIA SAID CONTADORA WOULD WORK ON THAT PROBLEM AND "WE WILL BE SUCCESSFUL." HABIB ALSO URGED THE MINISTERS TO MEET WITH THE NICARAGUAN INTERNAL OPPOSITION DURING THEIR VISIT TO MANAGUA. ABADIA SAID THEY WOULD DO SO IF THE OPPOSITION REQUESTED A MEETING, BUT VICE FOREIGN MINISTER CABRERA NOTED THAT THE TEN TRAVELERS WOULD HAVE TO DISCUSS THE IDEA. HABIB EMPHASIZED THAT THE CENTRAL AMERICAN DEMOCRACIES ALL SAW THE NEED FOR CONTADORA TO PROMOTE A DIALOGUE BETWEEN THE SANDINISTAS AND THEIR INTERNAL AND EXTERNAL OPPOSITION. HABIB ALSO MET WITH ACTING PRESIDENT ESQUIVEL, WHO EXPRESSED GENERAL AGREEMENT WITH U.S. POLICY TOWARD NICARAGUA. ESQUIVEL STRESSED THE NEED TO HELP THE NICARAGUAN INTERNAL OPPOSITION. AMBASSADOR HABIB SUGGESTS THAT EMBASSIES GUATEMALA, SAN JOSE, SAN SALVADOR AND TEGUCIGALPA SHARE WITH HOST GOVERNMENTS THE CONTENTS OF HIS MEETING WITH ABADIA. END SUMMARY

3. AMBASSADORS HABIB AND DAVIS, ACCOMPANIED BY DCM MAISTO AND RAY BURGHARDT, MET WITH FOREIGN MINISTER ABADIA AND VICE FOREIGN MINISTER CABRERA ON JANUARY 12 TO DISCUSS CENTRAL AMERICAN DIPLOMATIC DEVELOPMENTS. HABIB EXPLAINED THAT PANAMA WAS HIS FIRST STOP BECAUSE WE UNDERSTOOD THAT ABADIA WAS MAKING THE ARRANGEMENTS FOR THE UPCOMING TRIP TO CENTRAL AMERICA BY THE CONTADORA/SUPPORT GROUP MINISTERS AND THE UN AND OAS SECRETARIES GENERAL. ABADIA SAID THE TWO SECRETARIES GENERAL AND ALL EIGHT MINISTERS WOULD MEET IN PANAMA ON JANUARY 18; THEN PROCEED TO SAN JOSE AND MANAGUA ON THE 19TH; OVERNIGHT IN GUATEMALA; VISIT SAN SALVADOR AND TEGUCIGALPA ON THE 20TH; THEN

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SPEND THE NIGHT IN MEXICO CITY, WHERE THE TEN WILL MEET ON JANUARY 21 TO REVIEW THE TRIP.

4. HABIB COMMENTED THAT THE COINCIDENCE OF SEVERAL DEVELOPMENTS MADE THIS AN IMPORTANT TIME FOR CENTRAL AMERICAN DIPLOMACY: 1) THE CONTADORA GROUP WAS MAKING ANOTHER ATTEMPT TO PROMOTE A DIPLOMATIC SOLUTION; 2) THE AID TO THE CONTRAS HAD BEGUN TO FLOW AND PRESSURE ON THE SANDINISTAS WILL INCREASE; 3) U.S. POLICY IN CENTRAL AMERICA WILL NOT CHANGE; THOSE WHO THINK THAT THE IRAN AFFAIR WILL PRODUCE A CHANGE IN POLICY ARE WRONG. THE NEXT ROUND OF SERIOUS CONGRESSIONAL DEBATE ON AID TO THE CONTRAS WILL NOT COME UNTIL SEPTEMBER; 4) THE CENTRAL AMERICAN DEMOCRACIES HAVE SOME GOOD IDEAS WHICH THEY WILL CONVEY TO THE TEN TRAVELERS. HABIB AND ABRAMS MET WITH FOREIGN MINISTER MADRIGAL IN MIAMI LAST WEEK TO HEAR COSTA RICA'S NEW IDEAS, WHICH HABIB PREFERRED THAT ABADIA HEAR DIRECTLY FROM MADRIGAL. IN CONCLUSION, HABIB NOTED THAT THE U.S. STILL ENDORSED THE IDEA OF A CONTADORA SETTLEMENT BASED ON THE 21 OBJECTIVES AND WHICH MET THE CRITERIA OF THE U.S. AND THE CENTRAL AMERICAN DEMOCRACIES. HABIB SAID ABADIA SHOULD NOT BELIEVE ANYONE WHO ASSERTED THAT THE U.S. WAS TRYING TO SABOTAGE CONTADORA.

5. ABADIA BEGAN BY STATING THAT HE WANTED TO CLEAR UP AN APPARENT U.S. MISPERCEPTION REFLECTED IN AMB MCCORMACK'S REMARKS AT THE JANUARY 8 OAS PERMANENT COUNCIL MEETING. MCCORMACK QUOTED PRESS REPORTS THAT PANAMA WAS LOOKING FOR BILATERAL SOLUTIONS. ABADIA STATED EMPHATICALLY THAT PANAMA WAS ONLY INTERESTED IN GLOBAL SOLUTIONS. HABIB PROMISED THAT THIS

CLARIFICATION WOULD BE COMMUNICATED TO WASHINGTON.

6. ABADIA SAID THE CONTADORA GROUP FELT THIS WAS AN IMPORTANT TIME TO SEEK THE PACIFICATION OF CENTRAL AMERICA. THERE WAS A GENERALIZED SENSE OF THREAT AND FEAR IN THE REGION. ABADIA SAID HE KNEW THAT THE U.S. ALSO FAVORED A PEACEFUL SOLUTION, BUT THE U.S. APPROACH WAS A BIT DIFFERENT THAN PANAMA'S. PANAMA FELT THAT PRESSURE ON MANAGUA ONLY GAVE THE SANDINISTAS AN EXCUSE TO ARM THEMSELVES. HABIB RESPONDED THAT THE SANDINISTAS BEGAN THEIR ARMS BUILDING LONG BEFORE ANY PRESSURE WAS PUT ON THEM. AT ANY RATE, THE PRESSURE NOW WAS GOING TO HAPPEN. MORE RESISTANCE FIGHTERS WERE INSIDE NICARAGUA, THE SUPPLY LINES WERE ESTABLISHED, AND ACTION WOULD BEGIN. BUT WE SAW NO REASON WHY THIS INCREASE IN PRESSURE WOULD PRECLUDE A MAJOR PEACE EFFORT BY THE CONTADORA GROUP. ON THE CONTRARY, THIS WAS A GOOD TIME FOR CONTADORA TO REDOUBLE ITS EFFORTS. IT IS IMPORTANT TO HAVE BOTH A MILITARY AND A DIPLOMATIC TRACK.

7. HABIB URGED THE CONTADORA MINISTERS TO LISTEN CAREFULLY TO THE VIEW OF THE CENTRAL AMERICAN DEMOCRACIES CONCERNING THE INADEQUACIES OF THE JUNE 6 DRAFT CONTADORA ACTA. THE DEMOCRACIES FELT THAT CONTADORA HAD NOT LISTENED TO THEM SUFFICIENT IN THE PAST. THE FOUR DEMOCRACIES WERE ANXIOUS TO SEE A POLITICAL SETTLEMENT, BUT THEY HAD TO MEET THEIR REQUIREMENTS AND THEY SAW THE JUNE DRAFT AS INADEQUATE IN BOTH ITS POLITICAL AND SECURITY ASPECTS. THE DEMOCRACIES FELT THAT THE SANDINISTAS MUST TALK WITH THEIR EXTERNAL AND INTERNAL OPPOSITION. CONTADORA SHOULD PUT FORWARD A FRAMEWORK FOR A DIALOGUE IN NICARAGUA AS WELL AS ONE TO RESOLVE THE SECURITY ISSUES.

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8. ABADIA SAID HE AGREED WITH MUCH OF WHAT HABIB SAID, BUT IT WAS UNFORTUNATE THAT THE U.S. HAD FAILED TO SEE THAT THE STRONGEST PRESSURE WHICH COULD BE BROUGHT TO BEAR ON MANAGUA WOULD BE THE LEGAL COMMITMENT OF SIGNING A CONTADORA ACTA. HABIB RESPONDED THAT ANY AGREEMENT HAD TO BE COMPLETE; POLITICAL AND SECURITY VERIFICATION PROCEDURES AND FORMULA FOR ARMS REDUCTION ALL HAD TO BE WORKED OUT BEFORE SIGNATURE. THE PRESENT ACTA HAD NO SCHEME FOR POLITICAL RECONCILIATION.

9. ABADIA SAID HE WOULD ASK THE CENTRAL AMERICANS WHAT SHOULD BE ADDED TO THE ACTA. HABIB SAID THAT WOULD BE PRECISELY THE RIGHT APPROACH. THE CONTADORA GROUP SHOULD DISCUSS THESE ISSUES IN DETAIL WITH THE CENTRAL AMERICANS; THAT MIGHT REQUIRE MORE TIME THAN THE TWO HOURS OR SO PER STOP WHICH THEY CURRENTLY HAD PLANNED.

10. HABIB NOTED THAT IF THE CONTADORA GROUP WISHED TO RESUME SERIOUS NEGOTIATIONS, THEY MUST PERSUADE NICARAGUA TO DROP ITS ICJ SUITS AGAINST HONDURAS AND COSTA RICA. ABADIA SAID CONTADORA WOULD WORK ON THAT PROBLEM AND "WE WILL BE SUCCESSFUL."

11. HABIB ALSO URGED THE CONTADORA MINISTERS TO MEET WITH THE NICARAGUAN INTERNAL OPPOSITION DURING THEIR VISIT TO MANAGUA. ABADIA SAID HE HAD MET WITH VIRGILIO GODOY THREE TIMES. IF THE OPPOSITION REQUESTED A MEETING, ABADIA SAID, THE CONTADORA GROUP WOULD ACCEPT. CABRERA-QUICKLY INTERJECTED THAT THE EIGHT MINISTERS AND TWO SECRETARIES GENERAL WOULD HAVE TO DISCUSS THE IDEA.

12. HABIB EMPHASIZED THE IMPORTANCE OF STARTING A DIALOGUE AMONG NICARAGUANS. FOR EXAMPLE, PEOPLE TALK ABOUT A CEASEFIRE; BUT A CEASEFIRE COULD NOT OCCUR UNTIL THERE HAD BEEN AGREEMENTS WORKED OUT BETWEEN THE RESISTANCE AND THE SANDINISTAS. THE RESISTANCE NOW WAS A FACTOR WHICH THE SANDINISTAS COULD NOT IGNORE. IF THE SANDINISTAS WANTED THE FIGHTING TO STOP, THEY HAD TO AGREE TO TALK WITH THE RESISTANCE. IF THE LATIN GOVERNMENTS WANTED TO END THE FIGHTING, THEY SHOULD FOCUS NOW ON THE NEED FOR A NICARAGUAN DIALOGUE.

13. AT THE END OF THE MEETING, THERE WAS A SHORT EXCHANGE WITH CABRERA CONCERNING THE DETAILS OF A

CONTADORA AGREEMENT. CABRERA RESISTED THE NOTION THAT AN AGREEMENT ON ARMS AND FORCE LEVELS HAD TO BE WORKED OUT BEFORE SIGNATURE. HE NOTED THAT NONE OF THE FORMULAS WHICH HAD BEEN SUGGESTED SO FAR HAD PROVED ADEQUATE, BUT FINALLY CONCEDED THAT CONTADORA MUST CONTINUE TO WORK ON THE PROBLEM.

14. AMBASSADORS HABIB AND DAVIS ALSO MET AT THE RESIDENCE WITH VICE PRESIDENT ESQUIVEL, CURRENTLY SERVING AS ACTING PRESIDENT. ESQUIVEL EXPRESSED GENERAL AGREEMENT WITH U.S. POLICY TOWARD CENTRAL AMERICA. HE STRESSED THE NEED TO PURSUE THREE SIMULTANEOUS TRACKS: CONTADORA, MILITARY PRESSURE THROUGH THE CONTRAS, AND ASSISTANCE TO THE INTERNAL NICARAGUAN OPPOSITION. ESQUIVEL SAID HE WAS PERSONALLY TRYING TO HELP THE INTERNAL OPPOSITION PARTIES, WHICH HE SAW AS AN IMPORTANT BUT SOMEWHAT NEGLECTED ELEMENT. ESQUIVEL SAID HE HAD QUIETLY PROMOTED SOME CONTACT BETWEEN THE INTERNAL OPPOSITION AND THE CONTRAS. HABIB ASSURED ESQUIVEL THAT HE WOULD ACTIVELY PURSUE ALL THREE TRACKS.

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DUARTE SAID HE TOLD ORTEGA THAT HE HAD HEARD THE SAME THEORIES FROM FMLN COMMANDER CIENFUEGOS."

1. ORTEGA ACKNOWLEDGED THAT NICARAGUA HAD AIDED THE SALVADORAN GUERRILLAS DURING THE CARTER ADMINISTRATION. BUT HE CAREFULLY AVOIDED RESPONDING TO DUARTE'S REPEATED STATEMENTS THAT THEY STILL WERE AIDING THE FMLN. DUARTE SAID ORTEGA TOLD THE OTHER PRESIDENTS THAT NICARAGUA COULD OFFER AMNESTY TO THE ARMED RESISTANCE AND PERMIT THEM TO PARTICIPATE IN ELECTIONS, BUT THE GOVERNMENT WOULD NOT SIT DOWN AND TALK WITH THE CONTRAS BECAUSE

THEY REPRESENTED "U.S. NATIONAL SECURITY" RATHER THAN A NICARAGUAN POSITION.

CONTADORA

9. DUARTE SAID HE, CASTILLO AND VIDES DECIDED THAT EL SALVADOR WOULD NOT AGREE TO DISCUSS NICARAGUA'S LIST OF FOURTEEN NEGOTIABLE ARMS TYPES, BECAUSE ANY SUCH DISCUSSION WOULD CONSTITUTE ACCEPTANCE OF NICARAGUA'S PROPOSAL TO DIFFERENTIATE BETWEEN OFFENSIVE AND DEFENSIVE WEAPONS. BECAUSE OF THIS POSITION BY EL SALVADOR, WHICH WAS SHOWN IN VARYING DEGREES BY THE OTHER DEMOCRACIES, THE MAY 27 MEETING IN PANAMA WAS A TOTAL NON-EVENT: NO RESOLUTION, NO DECLARATIONS, NOT EVEN AGREEMENT ON THE NEXT MEETING.

10. DUARTE SAID THE SALVADORAN POSITION AT ESQUIPULAS AND AT PANAMA WAS THAT TREATY MECHANISMS MUST NOT BE DISCUSSED WITHOUT RESOLVING FUNDAMENTAL CONCEPTS. HE HAD INSTRUCTED THE SALVADORAN NEGOTIATORS TO FIGHT TO DEFINE IN THE CONTADORA TREATY THE CONCEPTS OF DEMOCRACY AND SELF-DETERMINATION. MABIE SAID IT WAS IMPORTANT TO REQUIRE ACTIONS, NOT JUST WORDS. THAT WAS WHY A TIMETABLE FOR DEMOCRATIZATION, ALONG THE LINE OF WHAT ARIAS HAD UNSUCCESSFULLY PROMOTED AT HIS INAUGURATION, WAS A DESIRABLE GOAL. DUARTE AGREED. HE NOTED THAT THE DEMOCRATIZATION ISSUE COULD BE REOPENED IN NEGOTIATIONS ON THE VERIFICATION ANNEX. ORTEGA HAD LEFT HIMSELF OPEN AT ESQUIPULAS BY TAKING THE POSITION THAT NICARAGUA WOULD INSIST ON ADEQUATE VERIFICATION PROCEDURES (ON SECURITY ISSUES), BECAUSE THE PENTAGON STUDY HAD SHOWN A U.S. PREDISPOSITION TO CHARGE NICARAGUAN NON-COMPLIANCE.

11. DUARTE SAID THAT, ON THE SECOND DAY OF THE ESQUIPULAS MEETING, HE TOLD HIS FOUR COLLEAGUES (I.E., WITH ORTEGA PRESENT) THAT HE WAS AFRAID TO SIGN A CONTADORA TREATY. HE EXPLAINED THAT IF NEGOTIATIONS ARE COMPLETED ON ARMS REDUCTIONS AND EXERCISES, ORTEGA WOULD HAVE A DOCUMENT THAT HE COULD SHOW TO THE U.S. CONGRESS TO STOP AID TO THE CONTRAS. ORTEGA WOULD GET WHAT HE WANTS, BUT WHAT ABOUT NAPOLEON DUARTE? WHO WOULD GUARANTEE THAT NICARAGUA WOULD STOP AID TO THE FMLN? EVEN IF NICARAGUA DID STOP SUCH AID, WHO WOULD GUARANTEE THAT THE SOVIET UNION, CUBA AND LIBYA WOULD NOT AID THE GUERRILLAS? WHAT IF THE U.S., BECAUSE OF EL SALVADOR'S CONTADORA POSITION, CONCLUDED IT COULD NOT CONTINUE THE SAME LEVEL OF AID. ORTEGA HIMSELF HAD TOLD THE FOUR DEMOCRATIC PRESIDENTS THAT A CONTADORA TREATY WOULD

CREATE TENSION BETWEEN THEIR COUNTRIES AND THE U.S. IF THAT WERE TRUE AND THE U.S. AID STOPPED, WITHIN TWO MONTHS THE GOVERNMENT COULD FALL AND DEMOCRACY WOULD BE IMPERILED. WOULD THE CONTADORA COUNTRIES GUARANTEE THE TROOPS AND AID TO REPLACE WHAT THE U.S. SUPPLIES? FINALLY, DUARTE TOLD THE PRESIDENTS, THE CONTADORA TREATY WOULD BE ONLY A ROMANTIC DECLARATION UNLESS THERE WERE CONCRETE ARRANGEMENTS FOR VERIFICATION, WHICH COULD COST

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\$100 MILLION PER YEAR. WERE THE EUROPEANS READY TO PAY THAT? DUARTE SAID HE COULD NOT TRUST THE CONTADORA GROUP BECAUSE HE KNEW BETANCUR WAS READY TO SIGN ANYTHING, VENEZUELA HAD NO REAL INTEREST EXCEPT ITS RELATIONS WITH THE SUPPORT GROUP COUNTRIES, PANAMA DOESN'T COUNT, AND MEXICO WAS READY TO SIGN ANYTHING IT COULD STICK IN THE EYE OF THE U.S. IN THE SUPPORT GROUP, URUGUAY WAS NO CAPACITY TO SUPPORT ANYTHING, ARGENTINA WAS ONLY GOOD WILL, PERU WAS ITS OWN PROBLEMS, AND BRAZIL -- THE ONLY LATIN COUNTRY REALLY CAPABLE OF FINANCIAL SUPPORT -- DOES NOT WANT TO DO SO.

12. DUARTE THEREFORE TOLD THE OTHER CENTRAL AMERICAN PRESIDENTS HE WOULD NOT ACCEPT AN "INTERVENTIONIST" CONTADORA TREATY UNLESS IT GAVE SUFFICIENT GUARANTEES THAT EL SALVADOR WOULD NOT SUFFER NEGATIVE CONSEQUENCES. ORTEGA SAID HE DID NOT AGREE WITH DUARTE'S POSITION. BUT SINCE THAT WAS EL SALVADOR'S VIEW AND NICARAGUA DID NOT TRUST THE U.S., THEN AS THE TWO MOST THREATENED COUNTRIES THEY COULD AGREE THAT THE DATE OF JUNE 6 SHOULD NOT BE A DEADLINE. ARIAS AND CEREZO TRIED UNSUCCESSFULLY TO ARGUE AGAINST REMOVAL OF THE DEADLINE. ARIAS SEEMED TO WANT TO SIGN SOMETHING AND WORK OUT THE DETAILS LATER, BUT HE FINALLY ACCEPTED DUARTE'S POSITION. MABIE NOTED THAT ARIAS TOLD US THAT THE AGREEMENT STILL REQUIRED, PRIOR TO SIGNATURE, A CLEAR CHRONOLOGY FOR COMPLIANCE WITH THE POLITICAL COMMITMENTS.

13. DUARTE SAID IT WAS IMPORTANT FOR HIM TO HAVE A CLEAR STATEMENT OF U.S. SUPPORT, BECAUSE HE MIGHT FIND HIMSELF ALONE IN CONTADORA. MABIE SAID THAT ON THE BASIS OF WHAT AZCONA AND ARIAS TOLD US, DUARTE WAS NOT LIKELY TO FIND HIMSELF ALONE; EACH HAS REQUIREMENTS HE WILL INSIST ON BEFORE SIGNATURE.

14. DUARTE EXPLAINED THAT HIS ARMED FORCES WERE PARTICULARLY CONCERNED ABOUT THE EFFECT OF A CONTADORA TREATY ON U.S. AID. THIS ANXIETY HAD BEEN GENERATED BY THE REFERENCE IN THE PENTAGON STUDY TO A CUT-OFF OF MILITARY AID ON SIGNATURE. BURGHARDT EXPLAINED THAT THE STUDY HAD ASSUMED THAT THE DRAFT ACT WOULD REQUIRE

A FREEZE ON MILITARY AID ON SIGNATURE; IN FACT, AT EL SALVADOR'S INSISTENCE, THIS PROVISION HAD BEEN CHANGED IN NOVEMBER 1985 TO BE EFFECTIVE UPON IMPLEMENTATION, I.E., ONLY AFTER ALL FIVE COUNTRIES HAD RATIFIED THE AGREEMENT.

15. MABIE ASKED DUARTE WHAT HE EXPECTED TO HAPPEN AFTER JUNE 6. THE PRESIDENT SAID HE EXPECTED ANOTHER PLENIPOTENTIARY SESSION. IN BRAZIL, FOREIGN MINISTER SOGRE TOLD HIM THAT IGLESIAS OF URUGUAY HAD CALLED TO URGE RENewed TECHNICAL DISCUSSIONS. SOGRE TOLD DUARTE THAT THE SUPPORT GROUP WOULD PRESS THE CONTADORA FOUR NOT TO GIVE UP ON THE PROCESS.

16. DUARTE SAID THAT SOGRE RECOGNIZED THEY MADE A MISTAKE IN SETTING A DEADLINE. ACEVEDO SAID THE CORE FOUR HAD TAKEN A CLEAR STAND IN PANAMA AGAINST ANY NEW DEADLINES. DUARTE EXPECTED THAT THE CONTADORA COUNTRIES WOULD HAVE LESS CAPACITY IN THE FUTURE TO CONTROL THE PROCESS AND THE CORE FOUR COULD BETTER EXERT THEIR INFLUENCE.

17. DUARTE AND ACEVEDO EXPLAINED THAT THE GOES WAS THAT DAY SENDING A CABLE TO PANAMA AS THE CONTADORA GROUP SECRETARY) STATING EL SALVADOR'S NEGOTIATING POSITION. THE CABLE OUTLINED ITEMS WHICH WERE PENDING BEFORE SIGNATURE, INCLUDING MEMBERSHIP OF THE VERIFICATION COMMISSION, A VERIFICATION ANNEX (ACEVEDO SAID NICARAGUA

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REJECTS THE NEED FOR SUCH AN ANNEXY, AND AGREEMENT ON A BUDGET AND SOURCES OF FUNDS FOR VERIFICATION. DUARTE SAID THAT IF AGREEMENT WAS OBTAINED ON A TREATY WITH ALL ITS VERIFICATION PROCEDURES, THE GOES WOULD ALSO INSIST ON AGREEMENT IN ANOTHER DOCUMENT TO OUTLINE REQUIRED ACTIONS BETWEEN SIGNATURE AND RATIFICATION. ACEVEDO THOUGHT THE DOCUMENT SHOULD SET A DEADLINE FOR RATIFICATION, PERHAPS BETWEEN 30 AND 90 DAYS. THE SALVADORANS SAW THIS NEW DOCUMENT AS ESSENTIAL TO LIMIT NICARAGUAN EXPLOITATION OF AN AGREEMENT.

18. DUARTE ALSO SUGGESTED, SOMEWHAT VAGUELY, THAT THE TIMETABLE FOR NATIONAL RECONCILIATION AND DEMOCRATIZATION COULD BE INCORPORATED INTO THIS SIGNATURE/RATIFICATION PROTOCOL. ACEVEDO SAID THE GOES HAD PREPARED SUCH A DOCUMENT, BUT DID NOT PROVIDE A COPY.

19. DURING DISCUSSION OF THE ARMS CONTROL ISSUE, HABIB NOTED THAT OUR ANALYSTS HAD MADE A PRELIMINARY ASSESSMENT THAT NICARAGUA WOULD ONLY HAVE TO REDUCE 15 - 20 PERCENT TO COMPLY WITH THE CORE FOUR PROPOSED CEILING. DUARTE

URGED THAT WE PROVIDE OUR ORDER OF BATTLE FOR NICARAGUA TO THE ARMED FORCES OF EL SALVADOR, HONDURAS AND GUATEMALA. THE SALVADORANS SAID THAT, SINCE IT HAD BEEN COSTA RICA AND GUATEMALA WHO TABLED THE UNITS-OF-VALUE ARMS PROPOSAL, THE GOES AND COH WERE FREE TO REVISE IT. THE INTENTION CERTAINLY WAS TO FORCE A NICARAGUAN REDUCTION LARGER THAN 15-20 PERCENT. ACEVEDO NOTED THAT NICARAGUA ARGUED THAT IT WOULD ONLY ACCEPT THE CONCEPT OF UNITS OF VALUE FOR PLANES AND HELICOPTERS AND PROPOSED ADDING EXERCISES AND MILITARY INSTALLATION. THE CORE FOUR WOULD NOT ACCEPT THIS POSITION.

CONDEGA

20. VIDES RELATED THAT AT ESQUIPULAS THE SALVADORAN, HONDURAN AND GUATEMALAN MILITARY COMMANDERS HAD HELD SEPARATE MEETINGS. VIDES NOTED SOME TOUGHENING OF THE GUATEMALAN POSITION, BUT STILL DID NOT CONSIDER THEM COMPLETELY RELIABLE. THE GOES'S ONLY REAL CONCERN WAS TO STOP OUTSIDE ASSISTANCE TO GUATEMALAN GUERRILLAS. BUT THE SALVADORAN MILITARY HAD A SOLID POSITION WITH THE HONDURANS AND WITH THE COSTA RICAN SECURITY AUTHORITIES. THIS UNITY CONCERNED NICARAGUA. NORIEGA HAD REQUESTED A MEETING WITH THE CORE FOUR MILITARY, PROBABLY TO LOBBY ON BEHALF OF NICARAGUA. THE CORE FOUR DECIDED TO WAIT UNTIL THEY ARE CERTAIN OF THEIR OWN POSITIONS BEFORE MEETING WITH NORIEGA. HABIB ASKED IF THESE CONSULTATIONS WERE RELATED TO A REVIVAL OF CONDEGA. VIDES SAID THAT WAS AN OPTION, BUT NOT AN ACTUAL PLAN AT PRESENT. SHULTZ

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TO AMEMBASSY GUATEMALA IMMEDIATE

AMEMBASSY SAN SALVADOR IMMEDIATE

AMEMBASSY TEGUCIGALPA IMMEDIATE

AMEMBASSY SAN JOSE IMMEDIATE

INFO CONTADORA COLLECTIVE IMMEDIATE

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EXDIS FOR THE AMBASSADOR FROM AMBASSADOR HABIB

E.O. 12356: DECL OADR

TAGS: PREL, XK, NU

SUBJECT: HABIB VISIT TO CONTADORA GROUP AND SUPPORT GROUP CAPITALS

1. SECRET - ENTIRE TEXT.

2. PARAGRAPH 3 CONTAINS POINTS THAT I WOULD LIKE FOR YOU TO CONVEY ORALLY TO PRESIDENT AND FOREIGN MINISTER AT AN EARLY OPPORTUNITY. FOR SAN JOSE: IN VIEW OF FACT THAT I SAW ARIAS APRIL 26, YOU MAY WISH TO LIMIT POINTS TO THOSE ON CONTADORA PROPOSALS ON ARMS AND MANEUVERS.

3. POINTS TO MAKE;

--MY VISIT AND CONVERSATIONS IN (NAME OF HOST GOVERNMENT CAPITAL) WERE GOOD PREPARATION FOR THE TRIP I HAVE JUST CONCLUDED TO THE CONTADORA GROUP AND SUPPORT GROUP CAPITALS.

--I THOUGHT YOU MIGHT BE INTERESTED IN A SHORT ACCOUNT OF WHAT I DID, MY OBSERVATIONS AND CONCLUSIONS.

--AT EACH STOP, I MADE THE SAME BASIC POINTS: THE UNITED STATES CONTINUES TO SEEK A DIPLOMATIC SOLUTION;

PRESSURE IS NECESSARY TO OBTAIN ONE, HENCE OUR DETERMINED EFFORT TO GET THE NECESSARY RESOURCES FROM THE CONGRESS; AS INDICATED IN MY LETTER OF APRIL 11, WE WILL SUPPORT AND ABIDE BY A CONTADORA AGREEMENT THAT IS COMPREHENSIVE, VERIFIABLE AND SIMULTANEOUS IN ITS IMPLEMENTATION. WE MAKE NO COMMITMENT TO ABIDE BY AN AGREEMENT THAT DOES NOT MEET THESE CRITERIA.

--I EXPLAINED THAT, TO BE COMPREHENSIVE, AN AGREEMENT MUST PROVIDE EFFECTIVELY FOR DEMOCRATIC NATIONAL RECONCILIATION IN NICARAGUA. THIS IMPLIES DIALOGUE, A CEASE-FIRE, AMNESTY, AND DEMOCRATIC NATIONAL ELECTIONS.

--I MADE IT CLEAR THAT, IN EFFECT, THE POLITICAL CHAPTER OF THE CONTADORA ACTA IS NOT IN OUR VIEW COMPLETED.

--AN AGREEMENT THAT DOES NOT ACCOMPLISH THESE THREE OBJECTIVES WILL SIMPLY ALLOW THE SANDINISTAS TO

CONSOLIDATE WHILE MAINTAINING A STRONG MILITARY ESTABLISHMENT AND CAPABILITY TO SUPPORT SUBVERSION.

--I WAS FRANK IN TELLING THE CONTADORA COUNTRIES THAT THEY HAVE AN OBLIGATION TO US TO ENSURE THAT ANY AGREEMENT MEETS THESE STANDARDS. THE UNITED STATES STAYED OUT OF CONTADORA BECAUSE WE WERE GIVEN ASSURANCES THAT THE CONTADORA GOVERNMENTS ARE COMMITTED TO AN AGREEMENT CONTAINING ALL 21 OBJECTIVES. I BELIEVE THIS MESSAGE WAS UNDERSTOOD.

--AT THE SAME TIME, I CAME AWAY FROM THESE CONSULTATIONS CONCERNED ABOUT THE STRENGTH OF CONTADORA INTENTIONS AND DETERMINATION TO ACHIEVE A TRULY WORKABLE AGREEMENT.

--ON ONE SIDE, THE SANDINISTAS APPEAR PERSUADED THAT THEY GAIN MORE BY INTRANSIGENCE THAN BY FLEXIBILITY. CONTADORA BEHAVIOR HAS DONE NOTHING TO CONVINCE THEM OTHERWISE.

--ON THE OTHER HAND, THE CONTADORA COUNTRIES, TO VARYING DEGREES, ARE LOOKING PRIMARILY TO THEIR OWN DOMESTIC POLITICAL INTEREST. SOME ADMIT THIS OPENLY. OTHERS APPEAR INTENT ON AN AGREEMENT FOR THE INTERNATIONAL PRESTIGE IT WOULD GIVE THEM.

--IT IS NOT THAT THE CONTADORA COUNTRIES ARE SYMPATHETIC TO THE SANDINISTAS PROJECT OF CONSOLIDATING A MARXIST-LENINIST REGIME. THEY ARE NOT. BUT I GOT LITTLE SENSE THAT THEY WILL TAKE THE LEAD TO BRING ABOUT CHANGES IN THE DRAFT TREATY THAT ARE NEEDED TO MAKE IT COMPREHENSIVE, VERIFIABLE AND SIMULTANEOUS.

--WHEN NEGOTIATIONS RESUME, IN YOUR CONVERSATIONS AT THE ARIAS INAUGURATION AND AT ESQUIPULAS, AND IN YOUR OTHER VISITS AND CONTACTS WITH THE CONTADORA COUNTRIES, I BELIEVE YOU WILL HAVE TO BE FULLY PREPARED TO DEFEND YOUR INTERESTS WITH PURPOSE, DETERMINATION AND CLARITY.

--THE TENDENCY OF THE CONTADORA COUNTRIES WILL OTHERWISE BE TO SEEK REFUGE IN EXHORTATION AND GENERALITIES THAT HAS DISAGREEMENTS AND WEAKNESSES IN THE TREATY. THERE WILL ALSO BE A STRONG TENDENCY TO GRANT CONCESSIONS SO AS TO GET THE SANDINISTAS TO SIGN AN AGREEMENT.

--TAKE, FOR EXAMPLE, THE CONTADORA GROUP PROPOSALS ON ARMS AND INTERNATIONAL MANEUVERS (PROVIDED TO US OFFICIALLY BUT CONFIDENTIALLY BY A CONTADORA GROUP GOVERNMENT).

--THE PROPOSALS WOULD, IN EFFECT, ALLOW ONLY ONE MANUEVER AFTER SIGNATURE OF AN AGREEMENT. IT THEREFORE DIFFERS LITTLE IN THIS RESPECT FROM THE SEPTEMBER 1984 DRAFT.

--THE PROPOSALS ON ARMS AND TROOP REDUCTIONS PROVIDE FOR THE POSSIBLE SUSPENSION OF AGREEMENTS ON ADVISERS, BASES, AND MANEUVERS IF THE PARTIES FAIL TO AGREE ON LIMITS ON CONTADORA AGREEMENT TO LITTLE THAT A TREATY OF GENERAL PRINCIPLES PROHIBITING AID TO IRREGULAR FORCES. THIS, OF COURSE IS WHAT NICARAGUA LONG SOUGHT.

--THESE IMPRESSIONS OF CONTADORA INTENTIONS WERE REINFORCED BY THE FACT THAT, DESPITE THE SIGNIFICANT AMOUNT OF WORK REMAINING, CONTADORA HAS YET TO CONVOKE A NEW ROUND OF NEGOTIATIONS.

--I LOOK FORWARD TO SEEING YOU ALL AT THE INAUGURATION OF OSC ARIAS AS PRESIDENT OF COSTA RICA MAY 8. WHITEHEAD

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E.O. 12356: N/A

TAGS: OPRC

SUBJECT: DAILY PRESS BRIEFING -- MONDAY, APRIL 17, 1995

THE FOLLOWING TOPICS WERE COVERED IN TODAY'S PRESS
 BRIEFING:

DEPARTMENT ANNOUNCEMENT: (1)

PAKISTAN: KILLING BY PAKISTANI AUTHORITIES OF SUSPECT
 WANTED IN DEATHS OF U.S. CITIZENS (1); SHIPMENT OF
 REPAIRED MILITARY EQUIPMENT BACK TO PAKISTAN (2)

FORMER YUGOSLAVIA: DEPARTURE OF AMBASSADOR JACKOVICH
 IMPEDED BY SERBS (1); CONTACT GROUP MEETING WITH BOSNIAN
 GOVERNMENT (12)

GUATEMALA: THREATS AGAINST JENNIFER HARBURY BY
 GUATEMALAN MILITARY (2); REACTION BY GUATEMALAN
 PRESIDENT DE LEON (2-3)

TURKEY: TIMEFRAME FOR WITHDRAWAL FROM IRAQ (3,4-5);
 POSSIBLE TALKS BETWEEN TURKISH PRIME MINISTER AND

IRAN: U.S. REACTION TO POSSIBLE NUCLEAR DEAL BETWEEN
 CHINA AND IRAN (3-4); ATTEMPTS TO ACQUIRE MATERIAL FOR
 GAS CENTRIFUGE ENRICHMENT PROGRAM (4); COMPLIANCE WITH
 NPT COMMITMENTS (5); IRAN/SUDAN NAVAL ACCESS AGREEMENT
 (8); U.S. OPPOSITION TO TERRORISM (8); EFFECT OF
 IRANIAN/SUDANESE COLLABORATION (8)

CAMBODIA: RECIPIENTS OF FUNDING UNDER THE DEPARTMENT'S
 CAMBODIAN GENOCIDE PROGRAM (5-6)

IRAQ: IRAQI GOVERNMENT'S REACTION TO UN SECURITY
 COUNCIL (7); RESOLUTION: EFFECT OF SANCTIONS ON IRAQ'S
 CITIZENS (7-8); U.S. DETAINEES (10-12); DEMARCHE TO
 IRAQI OFFICIALS CALLING FOR THEIR RELEASE (10-11);
 UPCOMING VISIT BY POLISH OFFICIALS (11); SPOUSES'
 APPLICATIONS FOR IRAQI VISAS (11); CONDITION OF PRISON
 CELL (11)

NORTH KOREA: RESUMPTION OF BERLIN TALKS (8-9); LEADER
 OF U.S. DELEGATION (9); ROLE OF CHINA (9)

SOUTH KOREA: MILITARY EXERCISES WITH THE U.S. (9-10)
 REACTION OF NORTH KOREA (10)

BEGIN TEXT:

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MS. SHELLY: I HAVE A SHORT NOTICE TO THE PRESS.
 IT'LL BEGIN TODAY'S BRIEFING.

ON THURSDAY, APRIL 20, AT 12:30, UNDER SECRETARY OF
 STATE FOR ECONOMIC BUSINESS AND AGRICULTURAL AFFAIRS
 JOAN SPERO WILL OPEN THE REGULAR STATE DEPARTMENT PRESS
 BRIEFING WITH A DISCUSSION OF THE DEPARTMENT'S BUSINESS
 OUTREACH EFFORTS AND THE INTRODUCTION OF SENIOR
 COORDINATOR FOR BUSINESS AFFAIRS, DAVID RUTH.

THE REGULAR STATE DEPARTMENT BRIEFING WILL FOLLOW
 IMMEDIATELY THEREAFTER.

I'LL BE HAPPY TO TAKE YOUR QUESTIONS.

Q DO YOU HAVE ANY COMMENT ON THE APPARENT KILLING
 IN PAKISTAN OF A SUSPECT WANTED IN THE MURDER OF TWO

AMERICANS LAST MONTH?

MS. SHELLY: I HAVE SEEN THE PRESS REPORTS ON THIS
 SO FAR ONLY. I HAVE NOT ACTUALLY SEEN ANYTHING THAT
 PUTS US IN A POSITION TO INDEPENDENTLY CONFIRM THAT, BUT
 LET ME SEE IF I CAN PRODUCE ANYTHING MORE CONCRETE THAN
 THAT.

Q CHRISTINE, WHAT DO YOU KNOW ABOUT VIC JACKOVICH
 BEING PREVENTED FROM FLYING OUT OF HIS CURRENT POST BY
 SERBS AND BEING FORCED TO TAKE A MORE DANGEROUS OVERLAND
 ROAD?

MS. SHELLY: I HAVE NOT EVEN SEEN PRESS REPORTS ON
 THAT.

Q APPARENTLY, THAT STORY IS ABOUT TO MOVE.

MS. SHELLY: YES, IT'S OKAY.

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Q COULD YOU JUST --

MS. SHELLY: YES. I WILL CHECK ON THAT. I'LL TRY TO WORK THAT UP AS A --

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Q YOU HAVE NOT HEARD ANYTHING ABOUT THAT?

MS. SHELLY: I HAVE NOT.

Q CHRISTINE, COULD I ASK A QUESTION ABOUT PAKISTAN? THERE'S A REPORT OUT OF PAKISTAN THAT THE UNITED STATES AGREED LAST WEEK IN MEETINGS WITH PRIME MINISTER BHUTTO TO ALLOW PAKISTANI MILITARY EQUIPMENT WHICH WAS IN THIS COUNTRY FOR REPAIR, TO BE SHIPPED BACK TO PAKISTAN. IS THAT TRUE?

MS. SHELLY: I DON'T KNOW. LET ME CHECK ON THAT ALSO.

Q JENNIFER HARBURY SAYS THAT SHE HAS RECEIVED INFORMATION FROM THE FBI CONCERNING UNCONFIRMED REPORTS THAT SHE MAY BE A DEATH-THREAT TARGET OF ELEMENTS OF THE GUATEMALAN MILITARY. DO YOU HAVE ANYTHING?

MS. SHELLY: THERE HAD BEEN SOME INFORMATION THAT

CAME TO OUR ATTENTION ABOUT A POSSIBLE THREAT AGAINST THE LIFE OF JENNIFER HARBURY. WE HAVE ALSO NOTIFIED THE GUATEMALAN GOVERNMENT OF THE INFORMATION THAT WE RECEIVED ON THIS.

IN RESPONSE TO THAT, GUATEMALAN PRESIDENT DE LEON CONDEMNED ANY THREAT AGAINST JENNIFER HARBURY AND SAID YESTERDAY THAT, IF ANY KIND OF EVIDENCE WAS FOUND OF A POSSIBLE ATTACK, THE GUILTY PARTIES WOULD BE PUNISHED.

PRESIDENT DE LEON ALSO SAID THAT MS. HARBURY SHOULD NOT FEAR ANY REPRISALS FROM THE GOVERNMENT OF GUATEMALA EITHER IN THE U.S. OR IN GUATEMALA. AS I MENTIONED, HIS PUBLIC COMMENTS ON THIS WERE MADE IN RESPONSE TO OUR NOTIFICATION TO THE GUATEMALAN GOVERNMENT ABOUT INFORMATION THAT WE HAD RECEIVED ON A POSSIBLE THREAT.

Q IS THE UNITED STATES CONVINCED OF THE SINCERITY AND THE EFFICACY OF THESE STATEMENTS?

MS. SHELLY: I DON'T KNOW WHETHER I'M REALLY IN A POSITION TO MAKE THAT KIND OF CALL. I THINK THE FACT THAT THEY MADE THE STATEMENT, OF COURSE, IS VERY IMPORTANT, BECAUSE I THINK, AT THE VERY LEAST, THE ABSENCE OF THAT KIND OF STATEMENT WOULD BE A CAUSE FOR CONCERN.

AS YOU KNOW, IN THE CONTEXT OF THESE CASES AND THE INVESTIGATIONS GOING ON, PRESIDENT DE LEON HAS PROMISED FULL COOPERATION IN THE INVESTIGATIONS THAT ARE GOING

ON. WE CERTAINLY EXPECT HIM TO LIVE TO THAT PROMISE. AS THESE, OF COURSE, ARE UNDERWAY, WE DON'T HAVE A LOT OF DETAILS TO GET INTO AT THIS POINT PUBLICLY. BUT, CERTAINLY, I THINK IT'S

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IMPORTANT THAT HE MADE THE STATEMENT AND WE WOULD EXPECT HIM TO GIVE FULL CREDIBILITY TO THOSE STATEMENTS IN

MAKING THEM.

Q CHRISTINE. ON ANOTHER SUBJECT.

MS. SHELLY: YES.

Q HAS THE UNITED STATES GOTTEN ANY FURTHER WORD FROM THE GOVERNMENT OF CHILE -- NOT FROM CHILE, BUT FROM

TURKEY -- AND PRIME MINISTER CILLER -- ON A DATE FOR THEIR WITHDRAWAL FROM IRAQ? THERE HAVE BEEN SOME REPORTS THAT DURING HER FLIGHT TO THE UNITED STATES SHE'S INDICATED THAT THE TROOPS WOULD BE WITHDRAWN BY MAY.

MS. SHELLY: I KNOW THAT THE MAY TIMEFRAME IS ONE THAT'S BEEN BANDIED ABOUT A BIT, I THINK, PUBLICLY. BUT TO MY KNOWLEDGE, THERE HAS NOT BEEN A TIMEFRAME WHICH HAS BEEN DEFINITELY SIGNALLED TO US THROUGH ANY OF OUR OFFICIAL CONTACTS WITH THE TURKS.

MARTIN. -

Q A DIFFERENT SUBJECT, CHRISTINE?

MS. SHELLY: SURE.

Q DO YOU HAVE ANY COMMENT ON THE POST STORY THIS MORNING ON THE CHINA-IRAN CONNECTIONS?

MS. SHELLY: I HAVE A SORT OF GENERAL POINT ABOUT IRAN THAT I CAN MAKE. I CAN'T DO VERY MUCH ON THIS ISSUE REGARDING THE CHINESE ANGLE BECAUSE THE SECRETARY, AS YOU KNOW, IS HAVING A BILATERAL AT MIDDAY TODAY, AND I DON'T HAVE A READOUT ON THAT MEETING YET.

WE ARE VERY CONCERNED, OF COURSE, ABOUT WHAT'S IN THE PRESS ARTICLES REGARDING THE IRANIAN NUCLEAR WEAPONS PROGRAM. WE HAVE LONG OPPOSED ALL NUCLEAR COOPERATION WITH IRAN BECAUSE WE ARE CONVINCED THAT IRAN IS SEEKING TO DEVELOP A NUCLEAR WEAPONS CAPABILITY.

A NUCLEAR-ARMED IRAN WOULD BE A SIGNIFICANT THREAT TO ITS NEIGHBORS THROUGHOUT THE REGION AND OF COURSE, TO U.S. NATIONAL SECURITY INTERESTS.

THERE IS EVIDENCE OF IRANIAN ATTEMPTS, BOTH THROUGH OVERT AND CLANDESTINE MEANS, TO PROCURE EQUIPMENT AND TECHNOLOGY WHICH, WHILE UNNECESSARY IN OUR EVALUATION FOR THE DEVELOPMENT OF IRAN'S CIVIL NUCLEAR PROGRAM, COULD -- THESE TECHNOLOGIES COULD HAVE APPLICATION TO A WEAPONS-DEVELOPMENT EFFORT. THAT IS, OF COURSE, ONE OF THE MAIN FACTORS BEHIND OUR CONCERN AND OUR EFFORTS TO

WORK WITH

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THE INTERNATIONAL COMMUNITY TO NOT LET IRAN ACQUIRE THOSE CAPABILITIES.

I'LL JUST TELL YOU BEFORE DOING FOLLOW-UPS THAT'S ABOUT AS FAR AS I CAN TAKE IT BECAUSE IT IS AN ISSUE THAT IS BEING WORKED BY THE SECRETARY.

Q BUT IT IS GOING TO BE THE POLICY OF THE UNITED STATES IS IT NOT, CHRISTINE, WITH REGARD TO CHINA AS A POTENTIAL SUPPLIER THAT IS IN NEGOTIATIONS RIGHT NOW? IT WILL BE CONSISTENT, I TAKE IT WITH OUR POLICY TOWARD

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 THE RUSSIANS SUPPLYING IRAN AS IT WILL WITH THE CHINESE,
 IS THAT CORRECT?

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WILL THE SECRETARY BASICALLY SAY, "NO, PLEASE DON'T
 DO THIS, CHINA?"

MS. SHELLY: I'M NOT GOING TO GET INTO AT ALL WHAT
 THE SECRETARY IS OR IS NOT GOING TO DO WITH THE CHINESE
 FOREIGN MINISTER. I WILL JUST REITERATE THAT WE DO NOT
 ENGAGE IN NUCLEAR COOPERATION WITH IRAN. WE OPPOSE SUCH
 COOPERATION BY OTHER NUCLEAR SUPPLIERS. AND I WOULD
 SIMPLY NOTE IN TERMS OF PUTTING CHINA AND RUSSIA IN THE
 SAME CATEGORY AS THE EXCEPTIONS TO THE NUCLEAR
 SUPPLIERS, ALL OF THE REST OF WHOM DO REFUSE TO ENGAGE
 IN NUCLEAR COOPERATION WITH IRAN, PRECISELY BECAUSE
 THEY'RE ALSO CONCERNED ABOUT IRAN'S NUCLEAR INTENTIONS.

Q SPECIFICALLY, HAVE YOU BEEN ABLE TO CONFIRM
 REPORTS THAT IRAN IS SHOPPING AROUND FOR GAS CENTRIFUGES
 IN EUROPE?

MS. SHELLY: I DON'T KNOW IF WE HAVE ANYTHING
 SPECIFICALLY ON THAT.

Q COULD YOU LOOK INTO IT?

MS. SHELLY: SURE. I'LL BE HAPPY TO CHECK.

Q HAS THE U.S., OR WILL THE U.S. GIVE CHINA
 INTELLIGENCE INFORMATION WITH THE OBJECTIVE OF OPENING
 UP CHINA'S EYES TO IRAN'S ULTIMATE TARGET OR GOAL?

MS. SHELLY: I HAVE NOTHING ON THAT PARTICULAR
 ASPECT.

Q BACK TO THE TURKISH OPERATION IN NORTHERN
 IRAQ. YOU SAID NO TIMEFRAME WAS GIVEN TO U.S. OFFICIALS

THROUGH OFFICIAL CHANNELS. THE ANNOUNCEMENT WAS MADE BY
 THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF. ISN'T THAT
 OFFICIAL ENOUGH FOR THE U.S. STATE DEPARTMENT?

MS. SHELLY: THE TURKISH AUTHORITIES HAVE NOT GIVEN
 US A DATE BY WHICH TIME THEY INTEND TO HAVE THIS
 OPERATION

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COMPLETED AND THE TROOPS WITHDRAWN. THAT IS THE
 SPECIFIC POINT TO WHICH I WAS RESPONDING.

THERE HAVE BEEN SOME GENERAL INDICATIONS OF A
 TIMEFRAME, BUT WE HAVE NOT BEEN TOLD THAT THERE IS A
 DATE BY WHICH THEY WILL WITHDRAW.

Q DOES THE UNITED STATES THINK IRAN IS IN
 VIOLATION OF ITS NPT AGREEMENT?

MS. SHELLY: SID, I'M SIMPLY NOT IN A POSITION TO
 ANSWER THAT. I THINK THEY HAVE UNDERTAKEN COMMITMENTS
 UNDER NPT -- BECOMING A SIGNATORY TO NPT -- AND HAVING
 PUT AT LEAST SOME OF THEIR FACILITIES UNDER IAEA
 SAFEGUARDS. HOWEVER, I THINK IN THE CASE OF IRAN,
 BECAUSE OF WHAT WE DO KNOW ABOUT THEIR ATTEMPTS TO
 ACQUIRE TECHNOLOGIES THAT DO NOT HAVE AN OBVIOUS LINKAGE
 OR REQUIREMENT TO THEIR CIVIL NUCLEAR PROGRAM, WHICH IS,
 PRESUMABLY WHAT IS UNDER IAEA SAFEGUARDS IT RAISES VERY
 SERIOUS QUESTIONS REGARDING IRANIAN INTENTIONS.

WE FEEL VERY STRONGLY THAT WITH THE KIND OF EVIDENCE
 THAT IS THERE ABOUT WHAT THEIR INTENTIONS ARE, THAT IT
 IS NOT AN ISSUE THAT CAN BE SEPARATED FROM THE ISSUE OF
 WHAT THEIR OBLIGATIONS AND RESPONSIBILITIES AND THEIR
 COMPLIANCE IS UNDER THE NPT.

Q WOULD YOU SAY THEY HAVE SOME FACILITIES THAT
 AREN'T SAFEGUARDED?

MS. SHELLY: I DON'T KNOW WHETHER WE CAN PROVE THE
 NEGATIVE. THE UNDERSTANDING, AT LEAST A PORTION -- I
 DON'T KNOW WHETHER -- I'M NOT TRYING TO OPEN UP
 SOMETHING HERE. BUT I ASSUME AT LEAST A PORTION, IF NOT
 ALL, OF THEIR CIVIL NUCLEAR PROGRAMS ARE UNDER
 SAFEGUARDS, BECAUSE THAT WOULD ALSO BE THEIR
 REQUIREMENTS UNDER THE IAEA RESPONSIBILITIES RELATED TO

THE NPT.

Q BUT YOUR WORDING IN YOUR GUIDANCES IS SAYING
 THAT THERE ARE SOME FACILITIES THAT ARE NOT UNDER
 SAFEGUARDS?

MS. SHELLY: NO. I'M JUST SUGGESTING THAT GIVEN THE
 EVIDENCE OF THEIR ATTEMPTS TO SECURE OTHER TYPES OF
 TECHNOLOGIES THERE MAY BE ACTIVITIES THERE WHICH ARE
 NOT. BUT, AGAIN, THAT PUTS US OF BEING IN A POSITION TO
 PROVE A NEGATIVE WHICH I DON'T KNOW IF WE ARE.

Q DOES THE IAEA SHARE YOUR SUSPICIONS?

MS. SHELLY: DIRECT THAT ONE TO THE IAEA.

Q THERE'S A COLUMN IN THE WALL STREET JOURNAL
 TODAY ABOUT A STATE DEPARTMENT CONTRACT ON CAMBODIA
 GOING TO

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A MAN AT YALE WHO WAS DESCRIBED AS AN ARDENT DEFENDER OF
 THE KHMER ROUGE. ANY RESPONSE WOULD BE APPRECIATED.

MS. SHELLY: THERE WERE SOME ALLEGATIONS, AS YOU
 POINTED OUT TODAY, REGARDING PERHAPS THE WORDING OF THE
 CONTRACT AND WHETHER OR NOT THE RECIPIENTS WERE WORTHY.
 WE HAVE BEEN CHECKING ON THIS. I'VE GOT SOME
 INFORMATION FOR YOU.

THE PURPOSE OF THE YALE PROGRAM -- AND THERE'S A DR.
 BEN KIERNAN WHO IS INVOLVED IN THIS -- THE PURPOSE OF
 THEIR PROGRAM IS NOT ACTUALLY TO CONDUCT INVESTIGATIONS
 BUT TO ASSIST IN PREPARING THE SCHOLARLY GROUNDWORK FOR
 FUTURE PROSECUTIONS AGAINST THE KHMER ROUGE LEADERS WHEN
 THEY ARE APPREHENDED.

OTHER PEOPLE AND ORGANIZATIONS AT YALE, IN ADDITION
 TO PROFESSOR KIERNAN, ARE INVOLVED IN THE GENOCIDE
 PROGRAM.

THE PROGRAM IS SPONSORED BY THE YALE CENTER FOR
 INTERNATIONAL AND AREA STUDIES HEADED BY PROFESSOR
 GADDIS SMITH. THE SCHELL CENTER FOR INTERNATIONAL HUMAN
 RIGHTS OF THE YALE LAW SCHOOL IS ALSO A MAJOR
 PARTICIPANT.

YALE UNIVERSITY SUBMITTED THE MOST DETAILED
 RESPONSIVE, COMPREHENSIVE, AND WORKABLE PLAN TO TRY TO

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CAROL.

Q CHRISTINE, ARE THE TALKS WITH THE NORTH KOREANS RESUMING TOMORROW?

MS. SHELLY: YES.

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Q WHAT ELSE CAN YOU TELL US ABOUT THE STATUS OF THOSE TALKS? ARE THEY IN JEOPARDY? IS THE UNITED STATES GOING BACK WITH ANY NEW POSITIONS? DO YOU EXPECT IT TO LEAD TO SOME SORT OF CONCLUSION?

MS. SHELLY: I CAN'T HELP YOU VERY MUCH ON THAT. THE U.S. TEAM WILL DEPART WASHINGTON THIS EVENING TO RETURN TO BERLIN FOLLOWING THE USUAL DELEGATION COMPOSITION. THE TALKS WILL RESUME TOMORROW.

WE HAVE HAD, AS YOU KNOW, CONSULTATIONS IN THE LAST FEW DAYS WITH OUR KEY ALLIES, THE SOUTH KOREANS AND THE JAPANESE, ON THIS. THESE CONSULTATIONS, OF COURSE, CONTINUE EVEN -- AND WILL, CERTAINLY, THIS COMING WEEK

AS THE TALKS ARE ALSO RESUMED IN BERLIN.

WE ONCE AGAIN ARE IN THE POSITION OF NOT BEING ABLE TO GET INTO THE SUBSTANCE OF THE DISCUSSIONS EXCEPT SIMPLY TO NOTE THAT THEY'RE RESUMING TOMORROW.

Q AND THE TEAM IS STILL HEADED BY GARY SAMORE?

MS. SHELLY: GARY SAMORE, RIGHT. NO CHANGE.

Q YOU SAID CONSULTATIONS WITH KEY ALLIES. IS CHINA AN ALLY THESE DAYS?

MS. SHELLY: CHINA IS ONE OF THE COUNTRIES THAT WE HAVE HAD MANY DISCUSSIONS ON THIS ISSUE WITH. I CAN ACKNOWLEDGE THAT, BUT I THINK THAT'S ABOUT AS FAR AS I CAN GO.

Q THEY'RE NOT A KEY ALLY, THOUGH, RIGHT?

MS. SHELLY: IS THIS A POINT OF SEMANTICS?

Q WELL, YEAH.

MS. SHELLY: IT IS A COUNTRY THAT HAS A LOT OF INTEREST IN A PEACEFUL RESOLUTION OF THE KOREAN NUCLEAR ISSUE.

SID.

Q THE MILITARY EXERCISES -- THE SOUTH KOREAN-U.S.

MILITARY EXERCISES THAT BEGAN TODAY. WERE THOSE "TEAM SPIRIT" EXERCISES?

MS. SHELLY: I THINK THAT WAS A DIFFERENT TYPE OF EXERCISE, NOT "TEAM SPIRIT."

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Q THE ONE TODAY IS A DIFFERENT TYPE. IS THERE ANY RELATIONSHIP BETWEEN THE TROUBLES IN THE TALKS AND GOING FORWARD WITH THESE EXERCISES?

MS. SHELLY: NO, NOT THAT I'M AWARE OF. BUT AGAIN,

QUESTIONS ON THE EXERCISES ARE MORE APPROPRIATELY ASKED AT THE PENTAGON RATHER THAN STATE.

Q IT SEEMS TO ME LIKE IT COULD BE A POTENTIAL DIPLOMATIC SIGNAL, NOT A MILITARY SIGNAL.

MS. SHELLY: I WOULDN'T MAKE ANY --

Q THE NORTH KOREANS HAD SOME PRETTY CHOICE WORDS TO SAY ABOUT IT.

MS. SHELLY: THE NORTH KOREANS FREQUENTLY -- WHEN THERE ARE ADDITIONAL EXAMPLES OF MILITARY COOPERATION BETWEEN THE UNITED STATES AND SOUTH KOREA, THEY OFTEN SAY THINGS OF THIS TYPE. IT IS NOT ANYTHING THAT WE ASCRIBE PARTICULAR SIGNIFICANCE TO.

THE KOREAN NUCLEAR ISSUE HAS BEEN GOING ON FOR MANY

MONTHS NOW, AND IF WE WERE TO HAVE TO PUT OUR MILITARY COOPERATION WITH SOUTH KOREA IN THE DEEP FREEZE THE ENTIRE TIME THAT THESE TALKS WERE GOING ON, I'M AFRAID THAT IT WOULD NOT MAKE OUR COOPERATION VERY MEANINGFUL.

SO WE CONTINUE TO HAVE A VERY ACTIVE MILITARY COOPERATION PROGRAM WITH SOUTH KOREA. EXERCISES AND ACTIVITIES TAKE PLACE UNDER THAT GENERAL UMBRELLA, AND THE TIMING OF THESE PARTICULAR THINGS IS BASED ON WHEN WE AND THE SOUTH KOREANS AGREE THAT THEY SHOULD TAKE PLACE, AND IT'S NOT LINKED TO THE DEVELOPMENTS IN THE KOREAN NUCLEAR ISSUE.

Q CHRISTINE, DO YOU KNOW IF THE TURKISH PRIME

MINISTER OR ANYBODY ELSE IN HER DELEGATION FOR THAT MATTER WILL MEET WITH ANY U.S. STATE DEPARTMENT OFFICIALS OR ENVOYS?

MS. SHELLY: I'LL HAVE TO GET THAT INFORMATION. I DON'T HAVE ANY DETAILS WITH ME ON THE SCHEDULE REGARDING STATE DEPARTMENT PARTICIPATION.

HOWARD.

Q DO YOU HAVE ANYTHING NEW SINCE LAST WEEK ON THE TWO AMERICANS IN IRAQ?

MS. SHELLY: NOT MUCH. I DO HAVE A LITTLE BIT. WE HAVE INSTRUCTED THE POLISH DIPLOMATS IN BAGHDAD TO DELIVER ANOTHER DEMARCHE, BOTH WRITTEN AND ORAL, TO

IRAQI OFFICIALS

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CALLING ONCE AGAIN FOR THE IMMEDIATE RELEASE OF MR. DALIBERTI AND MR. BARLOON ON HUMANITARIAN GROUNDS.

DURING THE DEMARCHE, THE POLES EXPRESSED IN THE STRONGEST TERMS CONCERN FOR THE HEALTH OF THE TWO MEN AS A RESULT OF THEIR CONTINUED DETENTION AND REQUESTED THEY BE MOVED TO A LARGER CELL PENDING THEIR RELEASE. AS YOU KNOW, THE IRAQIS HAVE INDICATED THAT WEEKLY VISITS WILL BE POSSIBLE. I'M TOLD THAT THE POLISH DIPLOMATS WILL TRY AGAIN TOMORROW TO VISIT THE TWO AMERICANS.

Q WHEN WAS IT DELIVERED -- THE DEMARCHE?

MS. SHELLY: I BELIEVE WITHIN THE LAST DAY OR SO.

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Q HOW ABOUT THE FAMILY MEMBERS -- THE WIVES?
ANYTHING ON THEIR ATTEMPTS TO --

MS. SHELLY: THE EMBASSY IN AMMAN, JORDAN IS CONTINUING TO HELP THE TWO WOMEN WITH THEIR APPLICATIONS FOR IRAQI VISAS. WE EXPECT THEM TO BE IN A POSITION TO FINALIZE THEIR APPLICATIONS SHORTLY. AS WE'VE ALSO SAID ONCE OR TWICE BEFORE, WE STILL DON'T HAVE ANY GUARANTEE THAT IRAQ IN THE END WILL ULTIMATELY AUTHORIZE THE VISAS.

Q IN REFERENCE TO CONDITIONS IN THE CELL, CAN YOU ELABORATE?

MS. SHELLY: I DON'T HAVE ANYTHING NEW BEYOND THAT WHICH WE DID ON THIS LAST WEEK. AS YOU KNOW, THEY HAD BEEN MOVED TO A SMALLER CELL WITH THE EXPLANATION BEING GIVEN THAT THEY WERE DOING SOME WORK ON THE CELL THEY HAD BEEN IN PREVIOUSLY. BUT AS I SAID, OUR LATEST INFORMATION IS NOT THAT THEY HAVE BEEN MOVED BACK AND THAT THEY'RE STILL IN A VERY SMALL AND RELATIVELY STARK CELL.

Q WAS THIS AFTER THEY GOT THEIR REFRIGERATOR AND COOKING EQUIPMENT? AND WERE THEY ALLOWED TO TAKE THE REFRIGERATOR AND THE COOKING EQUIPMENT WITH THEM TO THE SMALLER CELL?

MS. SHELLY: I KNOW THAT THE IRAQI AUTHORITIES HAD PROMISED SOME OF THOSE THINGS. I DON'T KNOW IN THE END IF THEY WERE ULTIMATELY DELIVERED TO THE ORIGINAL PLACE. BUT THE CELL THAT THEY'RE IN RIGHT NOW IS VERY SMALL, AND I DON'T THINK THAT THERE'S MUCH IN THE WAY OF FACILITIES INSIDE.

Q SO THE CELL THEY'RE IN NOW DOES NOT HAVE ALL THAT STUFF THEY WERE GIVEN LAST WEEK.

MS. SHELLY: IT IS NOT MY IMPRESSION THAT IT'S EQUIPPED WITH VERY MUCH AT ALL.

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Q THE STUFF THEY WERE GIVEN LAST WEEK BY THE

POLISH DIPLOMATS -- THEY WEREN'T ALLOWED TO MOVE THAT INTO --

MS. SHELLY: I DON'T KNOW. I'LL CHECK. I'LL BE HAPPY TO CHECK ON THAT POINT.

Q ARE THE TWO WIVES IN AMMAN?

MS. SHELLY: NO, I THINK MRS. BARLOON IS IN KUWAIT AND MRS. DALIBERTI IS IN FLORIDA. I DON'T BELIEVE THAT THEY'RE ACTUALLY IN JORDAN.

Q CAN I FOLLOW THAT? ARE THEY ACTIVELY SEEKING, OR DO WE KNOW, FOR THE IRAQIS TO ALLOW THEM TO COME IN?

MS. SHELLY: I'VE ANSWERED THAT ONE ALREADY.

Q OH, I'M SORRY.

MS. SHELLY: I DID THAT ONE.

Q LET ME GO ON TO WHAT I WAS GOING TO ASK ON -- BOSHIA IF I MIGHT. HAS THE CONTACT GROUPS BEEN ABLE TO GET TO THE BOSNIAN GOVERNMENT OR GET WITH THE LEADERS OF THE BOSNIAN GOVERNMENT WITH REGARD TO EXTENDING THE

CEASE-FIRE AND THE OTHER BUSINESS WE WERE TALKING ABOUT LAST WEEK, CHRISTINE? HAVE THEY GOTTEN TOGETHER?

MS. SHELLY: THEY HAVE IN -- ALL OF THEIR EFFORTS WITH THE PARTIES IN THE REGION, THEY HAVE BEEN TRYING TO WORK TO GET THE CEASE-FIRE EXTENDED, BUT I DON'T THINK

THAT THERE'S BEEN ANYTHING ANNOUNCED ON THAT SCORE YET.

Q THANK YOU.

END TEXT. TALBOTT

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ALL POSTS PLEASE PASS PAO: ROME ALSO FOR VATICAN

E.O. 12356: N/A

TAGS: OPRC

SUBJECT: ARA GUIDANCES, MONDAY, APRIL 17, 1995

ARA PRESS GUIDANCES OF APRIL 17, 1995:

-CUBA: OBJECTIVES OF APRIL MIGRATION TALKS-

Q: WHAT ARE THE U.S. OBJECTIVES IN THE MIGRATION TALKS
WITH THE CUBANS?

A: OVERALL, THE OBJECTIVE IS TO REVIEW IMPLEMENTATION OF THE SEPTEMBER 9 MIGRATION ACCORD. THIS IS, YOU MAY RECALL, THE THIRD REVIEW MEETING -- THE FIRST OCCURRED IN OCTOBER, IN HAVANA, AND THE SECOND OCCURRED IN JANUARY, IN NEW YORK.

IN THIS REVIEW SESSION WE WILL RAISE QUESTIONS ABOUT A NUMBER OF MOSTLY ADMINISTRATIVE ISSUES, INCLUDING THE FEES THAT THE GOVERNMENT OF CUBA IS CHARGING MIGRANTS FOR AIR TRAVEL TO THE U.S., THE RAPIDITY WITH WHICH THE GOVERNMENT OF CUBA ISSUES EXIT PERMITS TO AUTHORIZED MIGRANTS, AND THE RAPIDITY WITH WHICH THE GOVERNMENT OF CUBA ACCEPTS VOLUNTARY RETURNEES AND THOSE CUBAN MIGRANTS DETERMINED TO BE EXCLUDABLE FROM THE U.S.

Q: ARE YOU SATISFIED WITH CUBA'S IMPLEMENTATION OF THE SEPTEMBER 9 AGREEMENT?

A: BOTH SIDES ARE IMPLEMENTING THE SEPTEMBER 9 AGREEMENT. WE ARE ON TRACK MEETING OUR COMMITMENTS UNDER THE AGREEMENT, AND WE EXPECT THAT THE CUBAN GOVERNMENT WILL CONTINUE TO MEET ITS COMMITMENTS, AS WELL.

Q: DO YOU EXPECT THE CUBANS TO RAISE OTHER ISSUES?

A: IT IS POSSIBLE, OF COURSE, THAT THE CUBANS WILL SEEK TO RAISE ISSUES OTHER THAN MIGRATION. OUR DELEGATION WILL NOT, HOWEVER, DISCUSS ANY ISSUES OTHER THAN THOSE RELATED TO A REVIEW OF THE IMPLEMENTATION OF THE SEPTEMBER 9 MIGRATION AGREEMENT.

-GUATEMALA: THREAT AGAINST JENNIFER HARBURY-

Q: ARE THERE ANY FURTHER DEVELOPMENTS REGARDING THE REPORTED THREAT AGAINST THE LIFE OF JENNIFER HARBURY? WHAT IS THE GUATEMALAN GOVERNMENT DOING ABOUT THE THREAT?

A: GUATEMALAN PRESIDENT DE LEON HAS CONDEMNED ANY THREAT AGAINST JENNIFER HARBURY, AND SAID ON SUNDAY THAT IF EVIDENCE IS FOUND OF A POSSIBLE ATTACK, THE GUILTY PARTIES WILL BE PUNISHED. DE LEON ALSO SAID THAT MS. HARBURY SHOULD NOT FEAR ANY REPRISAL FROM THE GOVERNMENT OF GUATEMALA, EITHER IN THE U.S. OR IN GUATEMALA.

DE LEON'S STATEMENT CAME IN RESPONSE TO OUR NOTIFICATION TO HIS GOVERNMENT THAT WE HAD RECEIVED INFORMATION ABOUT A POSSIBLE THREAT AGAINST THE LIFE OF JENNIFER HARBURY.

ONLY IF PRESSED

U.S. LAW ENFORCEMENT AUTHORITIES HAVE BEEN ASKED TO ENSURE THE SAFETY OF MS. HARBURY.

-GUATEMALA: NON-COOPERATION IN DEVINE AND BAMACA CASES?-

Q: IS THERE TRUTH TO REPORTS THAT THE GOVERNMENT OF GUATEMALA IS NOT COOPERATING IN THE INVESTIGATIONS OF THE DEVINE AND BAMACA CASES?

A: GUATEMALAN PRESIDENT DE LEON HAS PROMISED FULL COOPERATION IN THE DEVINE CASE. THE CURRENT OBJECTIVE IS

TO LOCATE AND REAPPREHEND CAPTAIN CONTRERAS, WHO WAS CONVICTED IN 1993 OF THE MURDER OF U.S. CITIZEN MICHAEL DEVINE, AND SENTENCED ALONG WITH 5 ENLISTED MEN TO A JAIL TERM. CONTRERAS ESCAPED FROM MILITARY CUSTODY AND REMAINS AT LARGE.

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IN THE BAKACA CASE, THE PUBLIC MINISTRY IS PRESENTLY CONDUCTING AN INVESTIGATION.

WE BELIEVE, HOWEVER, THAT THE GOVERNMENT OF GUATEMALA NEEDS TO TAKE FURTHER ACTION TO CONDUCT CREDIBLE INVESTIGATIONS OF BOTH CASES.

-HAITI: DUROCHER BERTIN ASSASSINATION-

Q: WHAT COMMENT DO YOU HAVE ON THE ARREST IN THE DUROCHER BERTIN MURDER CASE? SOME SOURCES REPORT THAT THE FBI HAS TAKEN OVER THE INVESTIGATION. WHO IS RUNNING THE INVESTIGATION?

A: BASED ON INFORMATION FROM OUR EMBASSY IN PORT-AU-PRINCE, WE UNDERSTAND THAT CLAUDY LACROIX WAS TAKEN INTO CUSTODY LAST FRIDAY IN CONNECTION WITH THE INVESTIGATION OF THE DUROCHER BERTIN MURDER. THE ARREST WAS CARRIED OUT BY U.S. TROOPS ATTACHED TO THE UN MISSION IN HAITI, ACTING PURSUANT TO AN ARREST WARRANT ISSUED BY A HAITIAN JUDGE. THE CRIMINAL INVESTIGATION OF THIS INCIDENT REMAINS ONGOING, AND WE DO NOT AS A MATTER OF COURSE COMMENT ON THE DETAILS OF SUCH AN INVESTIGATION.

IN ANSWER TO THE SECOND QUESTION, THE FBI TEAM WAS

DISPATCHED TO HAITI BASED ON AN INVITATION FROM THE HAITIAN GOVERNMENT AND CONTINUES TO WORK ALONGSIDE HAITIAN AUTHORITIES IN CONDUCTING THE INVESTIGATION.

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E.O. 12356: N/A
TAGS: OPRC
SUBJECT: DAILY PRESS BRIEFING -- TUESDAY, APRIL 4 1995

THE FOLLOWING TOPICS WERE COVERED IN TODAY'S PRESS
BRIEFING:

FRANCE
REPORTED ASYLUM REQUESTS BY FRENCH CITIZENS..... (1)

PAKISTAN
SUCCESS OF COUNTER-NARCOTICS EFFORTS..... (1-2)
EXTRADITION OF HAJI MIRZA MOHAMMED IQBAL BAIG AND
LIEUTENANT ANWAR KHATTAK..... (2)

GUATEMALA
U.S. FY1995 ASSISTANCE PROGRAM
SUSPENSION OF IMET ASSISTANCE (2-4)
BREAKDOWN OF FY1995 ASSISTANCE FIGURES. (3)
SECRETARY'S REMARKS ON ASSISTANCE TO THE
GUATEMALAN MILITARY..... (3)

UNITED KINGDOM

LETTER FROM EUROPEAN PARLIAMENT RE: EXECUTION OF
NICK INGRAM IN GEORGIA..... (4)

IRAQ
ALLEGATION DETAINED AMERICAN CITIZENS ARE C.I.A.
AGENTS..... (5)
EKEUS REPORT OF BIOLOGICAL WEAPONS
PROGRAM..... (5)
SECRETARY'S REMARKS ON IRAQI BIOLOGICAL WEAPONS
PROGRAM..... (5-6)

IRAN
SECRETARY'S REMARKS ON TIGHTENING SANCTIONS..... (6)

TURKEY
VISIT OF FOREIGN MINISTER INONU..... (6-7)
FOREIGN MINISTER'S REMARKS RE: LIMITED DURATION OF
INCURSION INTO IRAQ..... (7)
STATEMENT BY TURKISH GOVERNMENT ON DISCUSSING WITH
IRAQ A SOLUTION TO THE KURD PROBLEM (7)
DEPUTY SECRETARY TALBOTT'S MEETING WITH TURKISH
AMBASSADOR..... (7)

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MR. JOHNSON: GEORGE, DO YOU WANT TO START THE
FESTIVITIES? I DON'T HAVE ANYTHING TO READ TO YOU
TODAY, ALTHOUGH YOU MAY CONTRADICT THAT STATEMENT AFTER
THE BRIEFING'S OVER.

Q DO YOU HAVE ANYTHING ON A FRENCHMAN HAVING BEEN
GIVEN POLITICAL ASYLUM BY THE U.S. GOVERNMENT?

MR. JOHNSON: I'D MAKE A COUPLE OF COMMENTS ON
THAT. FIRST OF ALL, I DON'T HAVE ANYTHING SPECIFIC TO
THIS CASE. I'LL BE GLAD TO LOOK INTO IT AND SEE IF I
CAN GET SOMETHING FOR YOU.

I WOULD WANT TO REMIND YOU THAT THE JUSTICE
DEPARTMENT HAS THE LEAD IN ASYLUM QUESTIONS, THAT THE
ATTORNEY GENERAL IS GIVEN THIS AUTHORITY UNDER LAW, AND
IT'S MY UNDERSTANDING THAT SHE HAS DELEGATED IT TO THE
DIRECTOR OF THE UNITED STATES IMMIGRATION AND
NATURALIZATION SERVICE. THE DEPARTMENT IS SOMETIMES
ASKED FOR ADVICE IN INDIVIDUAL CASES. IT MAY HAVE BEEN
IN THIS CASE, BUT I DON'T HAVE ANY CONFIRMATION OF THAT
YET, AND I'LL BE PLEASED TO SEE IF I CAN GET SOMETHING

AND GET BACK TO YOU ON IT.

JUDD.

Q PAKISTAN. DRUGS. TWO ACCUSED PAKISTANI DRUG
LORDS ARE ENROUTE TO THE UNITED STATES. DOES THIS SHOW
A SERIOUSNESS ON THE PART OF THE PAKISTANIS, DO YOU
THINK, IN CRACKING DOWN ON DRUG TRADING? AND IS THERE
ANY LINK TO PRIME MINISTER BHUTTO'S COMING TO THE UNITED
STATES HERE?

MR. JOHNSON: LET ME GIVE YOU SOME SPECIFICS ON THAT
FIRST. TO BEGIN, IN TERMS OF ITS EFFECT ON THE VISIT,
I'D SAY IT'S THE TYPE OF ACTION THAT WE LIKE TO SEE IN

THE POSITIVE RELATIONSHIP THAT WE'RE BUILDING WITH THE
GOVERNMENT OF PAKISTAN. AND WHILE I WOULDN'T
SPECIFICALLY RELATE IT TO THE PRIME MINISTER'S VISIT, IT
IS A POSITIVE SIGN BEFORE THAT VISIT TAKES PLACE.

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AS FAR AS THE CASE ITSELF GOES. I'D WANT TO TELL YOU

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THAT THE GOVERNMENT OF PAKISTAN TURNED OVER FOR EXTRADITION HAJI MIRZA MOHAMMED IQBAL BAIG AND HIS LIEUTENANT ANWAR KHATTAK ON SUNDAY, APRIL 2. BAIG IS ALLEGED TO CONTROL ONE OF TWO MAJOR HEROIN TRAFFICKING ORGANIZATIONS IN PAKISTAN. HE'S ALSO ALLEGED TO BE HEAVILY INVOLVED IN MONEY LAUNDERING AND THE SMUGGLING OF GOLD AND COUNTERFEIT CURRENCIES INTO PAKISTAN AND INTO THE UNITED ARAB EMIRATES.

HE WAS INDICTED IN THE EASTERN DISTRICT OF NEW YORK FOR NARCOTICS TRAFFICKING, MONEY LAUNDERING AND HEADING A CONTINUING CRIMINAL ENTERPRISE.

WE'VE BEEN WORKING WITH THE PAKISTANI GOVERNMENT SINCE 1993 TO EXTRADITE THESE TWO INDIVIDUALS, AND WE'RE STILL WORKING WITH THE PAKISTANI GOVERNMENT TO EXTRADITE OTHER CRIMINALS WHO ARE SUSPECTS IN NARCOTICS CASES.

THE PAKISTANI GOVERNMENT HAS RECENTLY REINVIGORATED ITS COUNTER-NARCOTICS EFFORTS IN COOPERATION WITH THE GOVERNMENT OF THE UNITED STATES. IN ADDITION TO THESE EXTRADITIONS, THEY'VE ERADICATED 1,300 HECTARES OF OPIUM POPPY, ATTACKED HEROIN LABS IN THE NORTHWEST FRONTIER

PROVINCE AND PROMULGATED A COMPREHENSIVE NARCOTICS LAW.

Q (INAUDIBLE) ON ANOTHER SUBJECT. CAN YOU EXPLAIN THE CONFUSION ABOUT WHETHER AND HOW MUCH THE UNITED STATES WAS SENDING AID MONEY TO GUATEMALA?

MR. JOHNSON: I CAN GIVE YOU A RUNDOWN ON THE REMAINING U.S. ASSISTANCE TO GUATEMALA, IF YOU THINK THAT MIGHT BE HELPFUL.

OUR FY-95 ASSISTANCE PROGRAM IN GUATEMALA OF APPROXIMATELY \$54 MILLION FOCUSES ON BASIC HUMAN NEEDS AND SUPPORT FOR HUMAN RIGHTS AND JUDICIAL REFORM. IT PROVIDES VITALLY NEEDED AID THAT PROMOTES HEALTH AND CHILD SURVIVAL, JUDICIAL REFORM, MEASURES TO PROTECT THE ENVIRONMENT AND TO ENCOURAGE BROAD-BASED SUSTAINABLE DEVELOPMENT.

MUCH OF THAT AID IS DELIVERED THROUGH NON-GOVERNMENTAL ORGANIZATIONS TO ENSURE THAT IT GOES DIRECTLY TO THE MOST NEEDY IN THE MOST EFFICIENT POSSIBLE WAY.

MILITARY AID TO GUATEMALA WAS SUSPENDED IN 1990 BECAUSE OF CONCERN OVER PERSISTENT HUMAN RIGHTS ABUSES. ON MARCH 10, 1995, WE ANNOUNCED THE SUSPENSION OF GUATEMALA'S FY-95 IMET PROGRAM FOR TRAINING IN THE U.S. TO DEMONSTRATE CONTINUED CONCERN FOR HUMAN RIGHTS.

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Q WHAT ASSURANCE IS THERE THAT SOME OF THIS \$54 MILLION IS NOT SIPHONED OFF INTO SOME OTHER PURPOSE OR, FOR EXAMPLE, IS THERE ANY ANTI-DRUG MONEY STILL GOING, AND CAN THAT BE SIPHONED OFF TO THESE SO-CALLED "INTELLIGENCE UNITS"?

MR. JOHNSON: LET ME GIVE YOU THE RUNDOWN ON THE \$54 MILLION. INCLUDED IN IT IS \$20.4 MILLION FOR PROMOTING SUSTAINABLE DEVELOPMENT -- THAT'S DIRECT AID TO DEVELOPMENT ITSELF; \$6.9 MILLION FOR BUILDING DEMOCRACY, WHICH INCLUDES THINGS LIKE ELECTIONS ASSISTANCE AND JUDICIAL ASSISTANCE; \$14 MILLION FOR PROMOTING U.S. PROSPERITY THROUGH TRADE, INVESTMENT AND EMPLOYMENT; \$13.1 MILLION FOR HUMANITARIAN ASSISTANCE; \$20.800 FOR

SPECIFIC BUILDING DEMOCRACY PROGRAMS; AND \$2.5 MILLION FOR PROMOTING PEACE.

FOREIGN MILITARY FUNDING AND IMET CONDUCTED IN THE U.S. HAVE BEEN ZEROED OUT, AND FUNDS IN THE BUDGET FOR IMET PROGRAMS CONDUCTED IN GUATEMALA HAVE BEEN FROZEN.

Q COULD I JUST -- IF THE SECRETARY OF STATE HIMSELF COULD BE CONFUSED AS RECENTLY AS SUNDAY ABOUT WHETHER ANY MONEY IS GOING, HOW CAN WE BE SURE THAT MONIES ARE NOT BEING SIPHONED OFF INTO PROGRAMS WHICH THEORETICALLY HAVE BEEN ZEROED OUT?

MR. JOHNSON: I WOULD GIVE YOU TWO RESPONSES TO THAT. FIRST IS: I'VE GIVEN YOU, I BELIEVE, A COMPLETE ALLOCATION OF THE \$54 MILLION IN OUR AID PROGRAM. WITH RESPECT TO WHAT THE SECRETARY SAID ON SUNDAY, EARLY IN

THE ADMINISTRATION, THE PRESIDENT DECIDED THAT WE WOULD END A CERTAIN 1980'S ERA PROGRAM FOR THE GUATEMALAN MILITARY, AND THAT WAS WHAT THE SECRETARY'S COMMENTS WERE FOCUSED ON.

Q AND THIS OTHER PROGRAM WAS WHAT?

MR. JOHNSON: WHAT OTHER PROGRAM?

Q THE PROGRAM THAT WAS FINALLY HALTED YESTERDAY. SEVERAL HUNDRED THOUSAND DOLLARS --

MR. JOHNSON: I THINK THE WHITE HOUSE HAS SPOKEN TO THAT THIS MORNING. I REALLY DON'T HAVE ANYTHING TO ADD TO THAT MICHAEL SAID.

Q WHAT ABOUT FUNDING FOR THE SCHOOL OF THE AMERICAS WHERE GUATEMALAN OFFICERS ARE RECEIVING MILITARY TRAINING?

MR. JOHNSON: THAT IMET PROGRAM, FOR TRAINING IN THE UNITED STATES IS COMPLETELY ZEROED OUT.

Q WHEN WAS IT ZEROED OUT?

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MR. JOHNSON: I THINK WE MADE AN ANNOUNCEMENT OF THAT ON MARCH 10, 1995. I'M NOT CERTAIN THAT THERE WERE ANY GUATEMALAN OFFICERS AT THE SCHOOL OF THE AMERICAS OR SLATED TO GO THERE AT THAT TIME, BUT ALL OF THE TRAINING

IN THE UNITED STATES, WHICH WOULD INCLUDE THAT, WAS ZEROED OUT AS OF THAT DATE.

Q (INAUDIBLE) 1990 MILITARY AID CUTOFF, YOU SAID IT WAS IN RESPONSE TO PERSISTENT RIGHTS ABUSES. I BELIEVE THE ANNOUNCEMENT AT THE TIME LINKED IT DIRECTLY TO THE UNRESOLVED DEATH OF MICHAEL DEVINE SIX MONTHS EARLIER. SO, IF YOU WANT TO REVISE THAT, YOU'RE WELCOME TO.

MR. JOHNSON: I DON'T PLAN TO AT THIS MOMENT.

Q ANOTHER SUBJECT. THE EUROPEAN PARLIAMENT HAS SENT A LETTER ASKING THE ADMINISTRATION TO INTERVENE ON BEHALF OF NICK INGRAM, WHO IS SCHEDULED TO BE EXECUTED IN GEORGIA ON THURSDAY. ANY RESPONSE TO THAT?

MR. JOHNSON: I DON'T HAVE A DIRECT RESPONSE TO THAT, BUT IN RESPONSE TO THE QUESTION THAT YOU RAISED

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PRESIDENT'S TRIP: TODAY'S PRESIDENTIAL TRIP MARKS THE

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E.O. 12356: N/A

TAGS: OPRC

SUBJECT: ARA GUIDANCES, FRIDAY, MARCH 31, 1995

1. ARA PRESS GUIDANCES OF MARCH 28, 1995:

-NEWS FROM HAITI-

MARCH 27-31

END OF THE SUCCESSFUL U.S.-LED COALITION (MULTINATIONAL FORCE) WHICH WAS EMPOWERED BY UN SECURITY COUNCIL RESOLUTION 940. IT ALSO MARKS THE INITIATION, IN THE PRESENCE OF UN SECRETARY GENERAL BOUTROS-GHALI, OF THE UNITED NATIONS MISSION IN HAITI (UNMIH). THE PRESIDENT WILL SPEAK AT THE TRANSITION CEREMONY FROM THE MNF TO THE UNMIH AND WILL DELIVER A SEPARATE ADDRESS TO THE HAITIAN PEOPLE. HE WILL MEET PRIVATELY WITH PRESIDENT JEAN-BERTRAND ARISTIDE. PRESIDENT CLINTON IS ACCOMPANIED BY NATIONAL SECURITY ADVISOR LAKE, DEPUTY SECRETARY OF STATE TALBOTT AND OTHERS WHO PLAYED KEY ROLES IN RESTORING HAITI'S DEMOCRATICALLY ELECTED GOVERNMENT. AS COMMANDER-IN-CHIEF, THE PRESIDENT WILL MEET WITH AND SALUTE THE MEN AND WOMEN OF THE U.S. FORCES WHO MADE THIS EVENT POSSIBLE.

BERTIN KILLING: FOLLOWING THE FATAL ATTACK YESTERDAY ON PROMINENT RIGHT-WING LAWYER MIREILLE DUROCHER BERTIN AND A COMPANION, A 16-PERSON FBI TEAM WAS DISPATCHED TO ASSIST IN INVESTIGATING THE CRIME AND IDENTIFYING THE PERPETRATORS.

AN INTER-AGENCY WORKING GROUP MOVES ON JUSTICE PROGRAM: A U.S. INTERAGENCY GROUP WAS IN HAITI MARCH 20-24 TO DEEPEN PROGRAM PLANNING FOR ACTIVITIES THAT WILL ASSIST HAITI'S POLICE AND JUDICIAL SYSTEMS. PROGRAMS WILL PROVIDE FOR EXTENSIVE TRAINING OF JUDICIAL OFFICIALS, A FELONY TRIAL PROJECT, A JUDICIAL SECURITY BAILIFF PROGRAM, DEVELOPMENT OF A JUDICIAL SUPERVISION OFFICE AND IMMEDIATE ACTION TO REFORM THE PRISON SYSTEM. UNDER A LONG-RANGE PROGRAM, ADDITIONAL TRAINING WILL BE

CONDUCTED. COURT ADMINISTRATION WILL BE IMPROVED, AND A PUBLIC DEFENDERS PROGRAM WILL BE INSTITUTED.

IDB DISBURSES 36.2 MILLION: THE IDB ON MARCH 24 DISBURSED 36.2 MILLION (INCLUDING 30.0 MILLION FOR ESSENTIAL IMPORTS AND 6.2 MILLION FOR INVESTMENT PROJECTS). THIS THE FIRST DISBURSEMENT FROM THE 68.5 MILLION LOAN THAT THE IDB APPROVED JANUARY 11, AFTER HAITI'S CLEARANCE OF ITS ARREARS.

UNICEF BUDGETS ASSISTANCE: THE UNICEF EXECUTIVE BOARD, WITH U.S. SUPPORT, LAST WEEK APPROVED OVER 30 MILLION OF SHORT-DURATION ASSISTANCE PROGRAMS FOR HAITI.

ELECTION DEVELOPMENTS: DEVELOPMENTS IN THE ELECTIONS INCLUDE:

-- THE MNF (TRANSITIONS TODAY TO UNMIH) PROVIDED ASSISTANCE TO DISTRIBUTE REGISTRATION MATERIALS THROUGHOUT THE COUNTRY AND LIMITED REGISTRATION WAS ABLE TO BEGIN MARCH 26;

-- THE PROVISIONAL ELECTORAL COUNCIL (CEP) IS MEETING WEEKLY WITH POLITICAL PARTIES TO DISCUSS ELECTIONS ISSUES.

WEAPONS BUYBACK PROGRAM: THIS U.S.-FUNDED PROGRAM WILL CONTINUE BEYOND TODAY'S TRANSITION AND AT LEAST INTO MAY, WHEN ITS UTILITY WILL AGAIN BE ASSESSED.

-HAITI: DUROCHER BERTIN ASSASSINATION-

Q: WHAT COMMENT DO YOU HAVE ON RUMORS THAT INTERIOR MINISTER BEAUBRUN WAS INVOLVED IN THE KILLING OF MIREILLE DUROCHER BERTIN?

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 A: THERE IS AN ONGOING INTENSE CRIMINAL INVESTIGATION OF THIS INCIDENT UNDERWAY. AS YOU KNOW, A 16-PERSON FBI TEAM HAS BEEN DISPATCHED TO HAITI AT THE REQUEST OF THE HAITIAN GOVERNMENT, AND OUR INVESTIGATORS ARE WORKING IN CLOSE COLLABORATION WITH HAITIAN AUTHORITIES.

WE DO NOT AS A MATTER OF COURSE COMMENT ON THE DETAILS OF SUCH AN INVESTIGATION. ANY FURTHER QUESTIONS REGARDING THE INVESTIGATION SHOULD BE DIRECTED TO THE DEPARTMENT OF JUSTICE.

-HAITI: PROLONGATION OF MISSION-

Q: THE WALL STREET JOURNAL REPORTS THE "PROBABILITY" THAT U.S. TROOPS WILL BE IN HAITI LONGER THAN ONE YEAR FROM NOW. WHAT COMMENT DO YOU HAVE?

A: U.S. TROOPS HAVE BEEN DEPLOYED TO HAITI PURSUANT TO UN SECURITY COUNCIL RESOLUTION 940, WHICH STIPULATES THAT UNMIH'S MISSION WILL END IN FEBRUARY 1996 WHEN PRESIDENT ARISTIDE'S SUCCESSOR IS DUE TO BE INAUGURATED. THERE ARE NO PLANS TO EXTEND THE MISSION BEYOND FEBRUARY 1996.

-HAITI: CLINTON VISIT-

Q: WHAT IS THE PRESIDENT'S SCHEDULE IN HAITI TODAY?

A: FOLLOWING AN ARRIVAL CEREMONY AT 8:45 AM AT THE PORT-AU-PRINCE AIRPORT, THE PRESIDENT MET WITH U.S. TROOPS AT WARRIOR BASE FOR MORE THAN AN HOUR. AT 11:15 AM, PRESIDENT ARISTIDE HOSTED A WELCOMING CEREMONY FOR PRESIDENT CLINTON OUTSIDE THE NATIONAL PALACE, AFTER WHICH THE TWO PRESIDENTS AND THE UN SECRETARY-GENERAL WERE TO MEET PRIVATELY AND THEN TAKE PART IN A RECEPTION INCLUDING PROMINENT HAITIANS AND VISITING DIGNITARIES. THIS WILL BE FOLLOWED BY THE MNF-UNMIH TRANSITION CEREMONY AT 2:00 PM, FOLLOWED BY A MEETING WITH THE MEMBERS OF THE PROVISIONAL ELECTORAL COUNCIL. IMMEDIATELY PRIOR TO HIS 7:00 PM DEPARTURE, THE PRESIDENT WILL MEET WITH AMBASSADOR SWING AND THE U.S. EMBASSY STAFF.

-HAITI: ACHIEVEMENTS OF MISSION-

Q: DESCRIBE THE ACHIEVEMENTS OF OUR MISSION IN HAITI, TO COUNTER STORIES IN THE PRESS THAT THE MISSION HAS BEEN DISAPPOINTING TO MANY HAITIANS. WHAT ABOUT THE QUESTIONS ON HUMAN RIGHTS ISSUES WHICH ARISTIDE RAISED IN HIS INTERVIEW YESTERDAY WITH TWO JOURNALISTS?

A: IT'S ONLY NATURAL THAT THE INITIAL EXCITEMENT AND ANTICIPATION WHICH SURROUNDED PRESIDENT ARISTIDE'S RETURN FROM EXILE IN OCTOBER WOULD GIVE WAY AFTER A WHILE TO MORE SOBER ASSESSMENTS OF THE DAUNTING CHALLENGES WHICH THE COUNTRY FACES.

PRESIDENT ARISTIDE, SEEKING TO RESTRAIN EXPECTATIONS, HAS ASSERTED THE GOAL OF MOVING THE PEOPLE OF HAITI FROM

"MISERY TO POVERTY WITH DIGNITY." POLITICALLY, FOR ALL INTENTS AND PURPOSES, HAITI HAD BEEN WITHOUT A FUNCTIONING GOVERNMENT FOR OVER THREE YEARS, AS MILITARY STRONGMEN USED SIMPLE REPRESSION TO STAY IN POWER. THE ECONOMY WAS A WRECK: PER CAPITA GNP, ALREADY THE LOWEST IN THIS HEMISPHERE, WAS BROUGHT DOWN EVEN FURTHER BY THE POLITICAL CRISIS AND THE INTERNATIONAL EMBARGO.

WE HAVE SEEN POSITIVE, HOPEFUL DEVELOPMENTS ACROSS THE BOARD SINCE THE LEGITIMATE, ELECTED CENTRAL GOVERNMENT

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WAS REINSTALLED THANKS TO THE EFFORTS OF THE MULTINATIONAL FORCE. THE COUNTRY'S DEMOCRATIC INSTITUTIONS ARE RETURNING TO LIFE: PARLIAMENT PASSED A LAW ESTABLISHING A CIVILIAN POLICE FORCE, A NATIONAL BUDGET (THE FIRST IN FIVE YEARS) AND AN ELECTORAL LAW CALLING FOR LEGISLATIVE AND LOCAL ELECTIONS THIS SPRING. ARISTIDE HAS FORMED A BROADLY REPRESENTATIVE CABINET AND THE VARIOUS MINISTRIES, ALTHOUGH THEY ARE BUILDING UP FROM NOTHING, ARE ALL AT WORK ON THEIR MOST IMMEDIATE PRIORITIES.

THE U.S. JUSTICE DEPARTMENT'S TRAINING OF A NEW CIVILIAN POLICE FORCE IS WELL UNDERWAY. THIS FORCE WILL GRADUALLY REPLACE THE INTERIM POLICE STARTING IN JUNE. THE U.S. IS ALSO WORKING CLOSELY WITH HAITI'S ENERGETIC JUSTICE MINISTER ON REFORMING THE JUSTICE SECTOR. THESE TWIN EFFORTS STAND TO HAVE A NOTICEABLE IMPACT ON LAW AND ORDER AND HAITIANS' SENSE OF PERSONAL SECURITY, AND WE ARE CONFIDENT THEY WILL SEE THE CRIME RATE FALL.

NOTWITHSTANDING SPORADIC INCIDENTS OF POLITICALLY

MOTIVATED VIOLENCE LIKE THE DUROCHER BERTIN ASSASSINATION EARLIER THIS WEEK, THE HUMAN RIGHTS SITUATION HAS IMPROVED ACROSS THE BOARD SINCE THE COUP LEADERS WERE OUSTED. MOST IMPORTANTLY, THE FORMERLY REPRESSIVE HAITIAN ARMY HAS BEEN EFFECTIVELY DISBANDED AND THEIR PARAMILITARY ALLIES DISARMED AND DISBANDED. CONTRARY TO PRESS REPORTS, THE MNF HAS DEMONSTRATED BY RANDOM SWEEPS AND OTHER MEANS THAT THERE ARE RELATIVELY FEW WEAPONS ON THE STREETS NOW. OVER 30,000 WEAPONS HAVE BEEN TAKEN OUT OF CIRCULATION SINCE THE MNF ARRIVED IN SEPTEMBER.

PROGRESS IS ALSO EVIDENT ON THE ECONOMIC FRONT: ARISTIDE HAS SIGNED A STANDBY AGREEMENT WITH THE INTERNATIONAL MONETARY FUND AND A PRIVATIZATION AGREEMENT WITH THE WORLD BANK. THE HAITIAN GOVERNMENT HAS DEVELOPED A COHERENT PROGRAM CALLING FOR ECONOMIC AND SOCIAL REFORM, AND INTERNATIONAL AID IS ON THE WAY: ON JANUARY 31, A GROUP OF INTERNATIONAL DONORS MEETING IN PARIS SURPASSED EXPECTATIONS BY PLEDGING UP TO 1.2 BILLION U.S. DOLLARS IN SUPPORT OF HAITI'S EMERGENCY RECOVERY NEEDS OVER THE NEXT 18 MONTHS. WE HAVE EVERY EXPECTATION THAT INCREASED LEVELS OF DOMESTIC AND FOREIGN INVESTMENT WILL FOLLOW, AND HAITIANS WILL SOON BEGIN TO SEE NOTICEABLE IMPROVEMENT IN THEIR STANDARD OF LIVING.

-HAITI: UPDATE-

Q: PROVIDE AN UPDATE ON THE UPCOMING ELECTIONS, U.S. TROOP LEVELS, AND UNMIH TROOP LEVELS.

A: THE FIRST ROUND OF PARLIAMENTARY AND LOCAL ELECTIONS

IS SCHEDULED TO TAKE PLACE JUNE 4, WITH RUN-OFFS AS NEEDED JUNE 25. VOTER REGISTRATION BEGAN ON MARCH 26.

AS OF MARCH 30, THERE WERE 4,830 U.S. TROOPS IN HAITI AND 1,864 TROOPS FROM EIGHT OTHER COUNTRIES PARTICIPATING IN THE MULTINATIONAL FORCE.

QUESTIONS ON UNMIH TROOP LEVELS SHOULD BE REFERRED TO THE UN.

-HAITI: EMMANUEL CONSTANT-

Q: WHAT IS THE STATUS OF SENATOR EMMANUEL CONSTANT? IS HE IN THE U.S.? WHY ARE YOU ALLOWING HIM TO STAY HERE?

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PAGE 03 OF 03 STATE 880707 031517Z 020519 S073535
A: ACTING PURSUANT TO THE IMMIGRATION AND NATIONALITY ACT, THE SECRETARY DETERMINED YESTERDAY THAT THE CONTINUED PRESENCE AND ACTIVITIES OF EMMANUEL CONSTANT IN THE UNITED STATES WOULD HAVE POTENTIALLY SERIOUS ADVERSE FOREIGN POLICY CONSEQUENCES FOR THE UNITED STATES AND WOULD COMPROMISE A COMPELLING UNITED STATES FOREIGN POLICY INTEREST. THIS DECISION WAS TAKEN IN LIGHT OF FRAPH'S RECORD AS AN ILLEGITIMATE PARAMILITARY ORGANIZATION WHICH WE CONSIDER RESPONSIBLE FOR NUMEROUS HUMAN RIGHTS VIOLATIONS DURING THE COUP PERIOD, AND OUT OF CONCERN FOR THE FRAGILE DEMOCRATIC PROCESS IN HAITI.

THIS FORMAL DETERMINATION CONCERNING CONSTANT WILL PROVIDE THE BASIS FOR INITIATING DEPORTATION PROCEEDINGS ONCE THE IMMIGRATION AND NATURALIZATION SERVICE IS ABLE

TO LOCATE HIM. FURTHER QUESTIONS ON THIS SHOULD BE REFERRED TO THAT SERVICE.

-MEXICO: COMMENT ON D'AMATO AMENDMENT?-

Q: WHAT IS YOUR COMMENT ON THE AMENDMENT INTRODUCED BY SEN. ALFONSE D'AMATO TO CAP DISBURSEMENTS FROM THE ESF AT 5 BILLION FOR ANY COUNTRY IN ONE YEAR?

A: ASSISTING MEXICO OVERCOME ITS ECONOMIC DIFFICULTIES IS IN OUR VITAL ECONOMIC AND STRATEGIC INTERESTS

OUR CONDITIONAL FINANCIAL ASSISTANCE PACKAGE HAS RECEIVED THE STRONG SUPPORT OF THE BIPARTISAN LEADERSHIP OF THE HOUSE AND SENATE.

MEXICO HAS IMPLEMENTED VERY TOUGH AUSTERITY MEASURES WHICH REPRESENT THE BEST CHANCE FOR MEXICO'S ECONOMY TO RECOVER AND RESUME GROWTH.

OUR ASSISTANCE AND THAT OF THE INTERNATIONAL COMMUNITY ARE KEY TO THE RECOVERY EFFORT. THIS IS NOT THE TIME TO ABANDON THE EFFORT.

-GUATEMALA: PRESSING FOR ANSWERS-

Q: WHAT IS BEING DONE TO GET TO THE FACTS IN THE BAMACA AND DEVINE CASES?

A: AS SECRETARY CHRISTOPHER TOLD THE HOUSE INTERNATIONAL RELATIONS COMMITTEE YESTERDAY, WE SYMPATHIZE WITH MS.

HARBURY AND THE FAMILY OF MICHAEL DEVINE, AND UNDERSTAND THEIR FRUSTRATION AND PAIN.

BECAUSE THIS ADMINISTRATION IS COMMITTED TO DETERMINING ALL RELEVANT INFORMATION PERTAINING TO THESE CASES, THE PRESIDENT HAS ASKED THE INTELLIGENCE OVERSIGHT BOARD TO CONDUCT A GOVERNMENT-WIDE REVIEW OF THE FACTS AND ALLEGATIONS SURROUNDING THE DEATH OF MR. DEVINE AND THE DISAPPEARANCE OF MR. BAMACA, AND TO MAKE RECOMMENDATIONS BASED ON ITS FINDINGS.

AS YOU KNOW, THE INTELLIGENCE OVERSIGHT BOARD IS COMPOSED OF TRUSTWORTHY AND DISTINGUISHED CITIZENS OUTSIDE THE GOVERNMENT WHO ARE QUALIFIED ON THE BASIS OF ACHIEVEMENT, EXPERIENCE, AND INDEPENDENCE.

OUR ACTIONS WILL BE GUIDED BY THREE BASIC PRINCIPLES, AS OUTLINED BY SECRETARY CHRISTOPHER: GET THE FACTS, CALL FOR APPROPRIATE ACTION WHEN THE FACTS ARE IN, AND MAKE AVAILABLE ALL THE INFORMATION THAT IS POSSIBLE.

WE ALSO HAVE PRESSED GUATEMALAN GOVERNMENT AUTHORITIES TO

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CONDUCT THE KIND OF THOROUGH AND CREDIBLE INVESTIGATIONS THAT WOULD RESULT IN PROSECUTION OF ALL RESPONSIBLE PARTIES. THERE ARE PARTS OF THIS STORY THAT CAN ONLY BE CLARIFIED BY THE GUATEMALAN GOVERNMENT. WE ARE PREPARED TO COOPERATE WITH THEM, AS APPROPRIATE.

2. PRM PRESS GUIDANCE OF MARCH 31, 1995:

-CUBA: TRANSPORT OF CUBAN REFUGEES TO THE U.S.-

Q. ARE CUBANS APPROVED FOR ADMISSION TO THE U.S. THROUGH THE IN-COUNTRY REFUGEE PROGRAM IN HAVANA BEING FLOWN TO THE U.S. VIA MEXICO?

A. YES. ARRANGEMENTS HAVE BEEN MADE FOR CUBANS APPROVED FOR ADMISSION TO THE U.S. UNDER THE IN-COUNTRY REFUGEE PROCESSING PROGRAM IN HAVANA TO FLY ON AIR CARIBE FLIGHTS TO CANCUN, MEXICO, WHERE THEY WILL CONNECT WITH AMERICAN AIRLINES FLIGHTS TO MIAMI.

THE FIRST GROUP IS EXPECTED TO LEAVE HAVANA SOMETIME NEXT WEEK.

Q. WHY IS THIS NECESSARY?

A. THIS IS THE MOST COST-EFFECTIVE WAY FOR THE REFUGEES TO REACH THE UNITED STATES AND IS NECESSARY BECAUSE OF THE EXCESSIVE TRANSPORTATION COSTS CHARGED FOR FLIGHTS UNDER THE CONTROL OF THE CUBAN TRAVEL AGENCY HAVANATUR.

WE HAVE EXPRESSED TO THE CUBAN GOVERNMENT OUR SERIOUS CONCERNS ABOUT THESE EXORBITANT FARES, PARTICULARLY IN VIEW OF OUR JOINT COMMITMENT TO FACILITATE LEGAL MIGRATION.

Q. HOW MANY APPROVED REFUGEES ARE AWAITING TRANSPORTATION TO THE U.S.?

A. OVER 6,000 CUBANS HAVE BEEN APPROVED FOR ADMISSION TO THE UNITED STATES UNDER THE IN-COUNTRY REFUGEE PROCESSING

PROGRAM SINCE THE SEPTEMBER 9 MIGRATION AGREEMENT WITH CUBA. MORE THAN HALF OF THESE ARE NOW TRAVEL READY.

Q. HOW MANY HAVE ARRIVED IN THE U.S. SINCE THE SEPTEMBER 9 AGREEMENT?

A. SOME 600 ARRIVED IN THE U.S. SINCE THE SEPTEMBER 9 AGREEMENT AND PRIOR TO THE INSTITUTION OF THE EXCESSIVE TRANSPORTATION COSTS BY HAVANATUR AT THE END OF LAST YEAR.

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THE WHITE HOUSE

WASHINGTON, DC

REGULAR BRIEFING

BRIEFER: MICHAEL MCCURRY

1:42 P.M. EST

FRIDAY, MARCH 24, 1995

...

TRANSCRIPT BY: FEDERAL NEWS SERVICE
 620 NATIONAL PRESS BUILDING
 WASHINGTON, DC 20045
 202-347-1400

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THIS IS A RUSH TRANSCRIPT.

...

MR. MCCURRY: All right. And a happy Friday to everybody. Welcome
 to the White House for our daily briefing. I apologize for being
 tardy, but I wanted to get all the latest on every subject that you
 might be interested in today. And where would you like to begin?

Q Mike, do you have any reaction --

MR. MCCURRY: Wolf?

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x x x specialists.

The president, 48, who continues to jog and exercise regularly, weighs 216 pounds; he is six foot two inches tall" -- I believe there's no change in that category -- "and his blood pressure was 128 over 80; his pulse was 55; and his total cholesterol level was 203."

Ends the statement from the doctor. I believe that's down from last year.

Q The cholesterol?

MR. MCCURRY: Yes.

Q That good cholesterol, bad --

MR. MCCURRY: For those of you who keep files on that. (Laughter.) I don't know if those are the good ones or the bad ones.

The president -- I asked the president what he liked about his exam, he said -- (cross talk, laughter) -- he said he loved the treadmill. I asked him what he hated about the exam. He said, use your imagination. (Laughter.) I said, do you have any other talking points for me? He said, yes, they are three: ouch, (slapping sound), and (puffing/panting sound). (Laughter.)

What else do you need to know?

Actually, the doctors, one of the doctors said to him at the end, he said, you've got at least three good days left, and the president said, good, I better space them out over the next six years.

Q Mike? Mike, did the president learn anything new about allergies?

MR. MCCURRY: Sarah McClendon; happy birthday. It's a delight to see you here today.

Q That's a little preview notice.

MR. MCCURRY: That's a little preview notice. It is tomorrow, is that correct?

Q No, not till next July. (Laughter.)

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MR. MCCURRY: Well, you've got a very good publicity agent then who's on top of the news and ahead of it; more ahead of the news than I am, to be sure.

Q I thought maybe the doctor might have given him something new about allergies that he could share with us.

Q (Off mike.)

MR. MCCURRY: I didn't. I asked Dr. Mariano, as I said, I understand from past reports that he does suffer from environmental allergies, and she indicated that is the case. But there was no change in the status of that this year.

Q Mike, that listing of the specialists that you mentioned, is that -- were those all of the specialists that were involved in this?

MR. MCCURRY: That's all that -- all that was indicated to me by the doctor, yes.

Q Did the sports medicine consultation means that he's having some problems with jogging with his knees or anything?

MR. MCCURRY: I didn't inquire on that. (Aside) Did you get anything further on that? I didn't either.

Q What was the health food, what was that?

MR. MCCURRY: Just a health food specialist, presumably --

Q Is that a dietitian?

MR. MCCURRY: -- inquiring on nutrition.

Q The broccoli man.

Q Did they give him any advice on what to eat?

MR. MCCURRY: Not that the president indicated to me.

Q Is he on any kind of special diet?

MR. MCCURRY: No, although he has been keeping an eye on his calories.

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Q But his weight is roughly about what it's been --

MR. MCCURRY: I -- his -- I believe it may be up slightly, and what we don't have yet is a body fat measure. So it might be true that he has become somewhat more muscular in the last year. And good; he will need every bit of it.

Yes?

Q Television New Zealand, (Dennis ?) Holmes (sp). Did he have his medical test today in order to be sure he could submit to the rigors of meeting the New Zealand prime minister on Monday? (Laughter.)

MR. MCCURRY: He -- I think that's a good one where "don't confirm and don't deny" would be the proper answer. (Laughter.)

Q What about that meeting?

MR. MCCURRY: What about that meeting? I haven't had -- I don't have a work-up on it, but he is meeting -- he is here Monday. We have been having a series of meetings with the New Zealand government at a fairly high level, including, I believe, the most recent, the secretary of State's meeting in Jakarta with the foreign minister, that is setting the way for a discussion that we continue to have; we have advanced a variety of bilateral issues, but they remain some issues in which we expect to have further consultation with Prime Minister Bolger on Monday.

Q Do you anticipate that the United States will accept once and for all the nuclear ships policy of New Zealand?

MR. MCCURRY: I expect that there will be a discussion of that on Monday and appropriate comment at that time.

Q What is the status of our relations with New Zealand? I mean --

MR. MCCURRY: I'll get -- (to staff) -- Go get me some stuff on that. (Returning) We've probably got a paper on that already.

Yeah?

Q Mike, there's a report that Polish diplomats have met -- have

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seen the Americans held by Iraq. Can you confirm that?

MR. MCCURRY: Yeah, we can confirm that the Polish Embassy in Baghdad, which represents our U.S. interests in Iraq under the protective agreement that we have, met yesterday with the two Americans who are being detained there. We're glad to know that they're in good health and that they have been permitted consular access. But it remains our view that this situation is the result of an innocent mistake on the part of these two Americans and no purpose can be served by prolonging it or trying to link it to other, unrelated issues -- that is the question of their detention and their release. Iraq should now resolve this matter by releasing the two Americans on humanitarian grounds, and we hope this will occur in the near future. Any delay will simply raise questions as to the motives of Iraq.

Q Did they say anything about putting these people on trial, or prosecuting them?

MR. MCCURRY: Well, they've -- in the past, in a similar situation, there has been a legal proceeding. That wouldn't be -- that probably would not be unlikely for that to occur this time. Our concern, among other things, while they've been permitted some level of consular access, they do not have legal representation, as far as I know.

Q Well do you think that they should hire Baghdad -- Iraqi attorneys to represent them?

MR. MCCURRY: Well, we are concerned, among other reasons, about what level of justice they can get in a situation in which they're not given legal representation.

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Q How active are the Polish diplomats in serving as a go-between? Are they actually negotiating, or are they just there as -- (inaudible) --

MR. MCCURRY: Well, they have been intermediaries, given the status of our diplomatic relations with Iraq, and they have been there pressing our arguments. We've also been using every avenue available to us that we can think of to press the case for the release of the two Americans.

Q On those talks going on -- are they between Iraq and Poland, between Poland and us? I mean, -- (inaudible) --

MR. MCCURRY: Well, they are our diplomatic -- in a sense, our diplomatic representatives for purpose of contact, and obviously, they have been in contact.

Q Any word when they will go back to see them the next time?

MR. MCCURRY: No. I don't have any information on that.

Q Have the Iraqis asked for direct communication on this, too?

MR. MCCURRY: I don't know the answer to that. I know that there has been at least one direct exchange via Iraq's representative at the United Nations that we've reported earlier.

Yeah?

Q Mike, now that Secretary Christopher is back from Moscow, what's the general assessment of relations with them? And a specific question along the same lines: What does the White House think the prospects are for some kind of agreement with them on this Iran reactor sale issue?

MR. MCCURRY: Well, the secretary spoke very directly to that. At the conclusion of his meeting with Foreign Minister Kozyrev, he did a review of both the meetings he had and the status of Russian relations, and I would commend his statement to your attention. He reviewed in it the issues that we still have outstanding with the Russian Federation. There's clearly a lot of work that will lie ahead as both governments prepare for the summit in May, and we do expect Secretary Christopher to meet at least once again with the Russian foreign minister in advance of that summit.

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Q But what's the White House assessment, though, on this Iran reactor issue -- that the prospect of some resolution on that, since they agreed to at least discuss it between now and --

MR. MCCURRY: I believe it would be accurate to say that work lies ahead on that issue.

Yeah?

Q Mike, can I ask you about an issue that arose this morning, which you talked about some -- and that being the New York Times story this morning on the Harbury case, part of the gist of which is that -- (inaudible) -- at least three administration requests to the CIA for information on the case before final information on it really was forthcoming, but each time there was another burst of information that came out, some of it under a different name for Ms. Harbury's husband -- and then there were these three requests for information. What do you know about that and what can you tell us for the record about the president's attitude toward -- (inaudible) -- (problems?)?

MR. MCCURRY: Well, I can tell you that there -- this case was one of deep concern to the United States, as I reported to you yesterday.

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I can't specify three specific requests for information, because I can think myself of a good deal more than that, occasions when senior ranking officials from our government pressed both Guatemalan officials. And obviously, within our government, we did everything possible to get additional information about the circumstances involving the death of Efraim Bamaca.

Q But on the -- the crux of the story wasn't at least three requests to Guatemala; at least three requests to the Central Intelligence Agency.

MR. MCCURRY: Well, there was a great deal of contact back and forth between the State Department, the National Security Council, the Agency and other government agencies as we attempted to get every information -- get all the information we could and collect it. That was for many purposes, including the meeting that was held here between the national security adviser and Jennifer Harbury.

I don't -- I can't -- I haven't looked closely at the article about three specific requests. I mean, there were -- as information became available -- I mean, I think it's important that the information that became available -- the new information I was talking about yesterday during the briefing that came available to us in January was provided to officials here in Washington from the CIA. And that had obviously information we then pursued, looked into and returned directly to the government of Guatemala so that it could be pursued.

Q And does the president have any concern that information is being withheld from him or has been withheld from him?

MR. MCCURRY: He's relying upon the statement from the acting director of the CIA, which was very clear on that point yesterday.

Q Mike, yesterday you said, "We have no reason to doubt that the CIA was forthcoming with the White House." Is that still your belief today?

MR. MCCURRY: That's still our belief today. We have no reason to doubt that they've been anything less than forthcoming, as the statement from the acting director indicated yesterday. I also indicated to several of you today that we are not satisfied with the information we have at this point, and I think that -- I want to make it clear, that's because we don't have all the answers that we would

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Yeah?

Q Mike, going back to something else you addressed this morning, what would the president have in mind if indeed it were determined that somebody tried to keep the White House in the dark, somebody at the CIA tried to keep the White House in the dark on details of this guy's death?

MR. MCCURRY: There is no indication at all that anyone has withheld information from the president or from the White House, but as I indicated earlier, if there was any information withheld as we attempted to resolve the fate of this spouse of an American citizen, any necessary information that should have been made available to us, then the president is determined to fire anybody on the spot responsible for withholding that information.

Yeah, Doug?

Q Mike, the (supposedly new ?) information that was presented to the White House in January, how long did the CIA have that information before it shared it with the White House?

MR. MCCURRY: I don't know precisely how long they had that information. I don't believe they had that information for any long duration or long period of time. I believe as it was developed in the field, it was then transmitted to Washington, and that the information that came to us then required us to act very carefully in order to protect the lives of individuals that might have been assisting us with the inquiry. That does not say that -- not to suggest in any way that it involved anyone that might have been implicated in the death of Bamaca, but it did require us to proceed carefully to, as I say, protect any individual who might have been assisting us. And that information also we had to be careful with as we provided it to Jennifer Harbury and then to the government of Guatemala so we could ask them to pursue the information and to investigate any potential lead.

Q Are you talking about days or weeks or months the CIA had this before it shared it?

MR. MCCURRY: It was information that certainly -- it became available to us perhaps towards the end of the year or early this year, but certainly after Jennifer Harbury was in Guatemala at the time of her hunger strike in November.

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Q More broadly, in light of this episode and other recent ones involving the CIA, does the president trust the CIA to tell (him and Congress ?) the truth?

MR. MCCURRY: I've said several times now the president has no reason to doubt the statement that was issued yesterday by Admiral Studeman regarding this matter, and he enjoys a very cooperative and good working relationship with the agency and its officials.

Q What's the effect of this on morale of the CIA? Part of the reason the president -- one of the things he mentioned when he chose John Deutch was that he expected that would raise morale over at the agency. What's the effect of this?

MR. MCCURRY: I can't imagine that this has been helpful to morale there, but at the same time, I believe that the nomination of Deputy Secretary Deutch, someone who is greatly admired, and his prompt confirmation by the Senate will do a whole lot to help improve morale there.

Q Does his nomination go up today?

MR. MCCURRY: We're checking on that now. It has not gone up. It will be ready to go up shortly, I'm told.

Q Do you have your follow-up now on the expectations of the New Zealand -- (inaudible)?

MR. MCCURRY: No.

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Q (Inaudible.)

MR. MCCURRY: (Aside) Why don't you see if you can get something so I can -- they want me to do something into the microphone on New Zealand.

Q -- sound and lights.

MR. MCCURRY: Okay, see if you can get something.

Q Thank you, Mike.

MR. MCCURRY: What else you got?

Ms. Devroy.

Q Are you -- why aren't you providing the Senate, or are you providing the Senate with the information needed for Foster's confirmation?

MR. MCCURRY: I am told that we've provided them with everything that was necessary. Let me check.

Q I think they're the ones that -- (inaudible) --

Q Well, why would they be saying you haven't?

MR. MCCURRY: I --

Q It's sort of their call, too, isn't it?

MR. MCCURRY: I have no idea. But if they require any additional -- any information they require we will be providing. We provided an extraordinary volume of information already, I believe.

Q Do you suspect the Senate is just doing this to delay this or hold it up or drag it out?

MR. MCCURRY: The Senate has to perform its own functions as it sees fit under the Advice and Consent Clause of the United States Constitution. On the other hand, a speedy and prompt confirmation of Dr. Foster would be in the best interests of the American citizens because he is extraordinarily qualified and capable to address matters of concern to the public health of all Americans.

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Q Has the White House received any death threats or any -- things like that that might prompt extra security around Dr. Foster? There's been a report that he has --

MR. MCCURRY: That he had extra --

Q -- yeah.

MR. MCCURRY: You know, I meant to check that and I -- I saw that news report myself and I meant to check that and I don't know. (Aside) Do you know offhand? Will you check on it? Okay.

What else have we got? In the back.

Q Do you have a view on the Turkish buffer zone on the Iraq border, as reported in the wire this morning to keep the Kurds from raiding into Turkey?

MR. MCCURRY: I'll have to check on that. I mean, we are monitoring very closely the operation that is under way there. I believe that Provide Comfort has been in a sense -- Operation Provide Comfort provides something of a buffer zone that's obviously more directed to Kurds who are suffering under the regime of Saddam Hussein above the 34th Parallel. But that U.N. mission there is in a sense a buffer zone of its own. But I'll check further if there have been diplomatic contacts on that issue.

Q On affirmative action, are you disheartened by the latest polls?

MR. MCCURRY: No, they're about -- I think they square with what common sense would tell you the American people think, that we're very heartened with the response to the president's update on the status of that review as he delivered it yesterday at his news conference.

Yeah?

Q Do you have a subject for the radio address tomorrow?

MR. MCCURRY: It was changing when I last checked. We'll let you know later on on that point.

One other thing I wanted to just call attention to. Over at the U.S. Transportation Department, Secretary Pena today and the administrator of the Federal Aviation Administration announced a one-level of safety standard for scheduled commercial flights on aircraft with 10 or more seats. This primarily affects small commuter carriers.

The president, on the promulgation of these regulations, said these

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new standards are a bold and necessary step forward in improving air safety and an outstanding example of how government can and should

work to address the concerns of the American people. I call your attention to that.

Q Thank you.

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For Immediate Release

March 24, 1995

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PRESS BRIEFING
 BY MIKE MCCURRY

The Briefing Room

1:41 P.M. EST

MR. MCCURRY: And a happy Friday to everybody. Welcome to the White House for our daily briefing. I apologize for being tardy, but I wanted to get all the latest on every subject that you might be interested today. And where would we like to begin?

Q Mike, do you have any reaction to former Governor Casey's decision to consider challenging the President for the party's nomination?

MR. MCCURRY: Say that again. It sounded like a political question. Do I have any reaction? The President has made it clear to all of us, and I believe to all of you, that there will be plenty of time for presidential politics during calendar year 1996. And so I would find it hard in any event to muster a lot of enthusiasm for a comment on something insignificant anyhow. I'll just leave it at that. (Laughter.)

Q Don't you think that he has -- does this open the door for other --

MR. MCCURRY: No, my point would simply be, given the record that Bill Clinton has compiled over the last two years plus, it's very hard to make a persuasive case that he ought to be challenged for either the presidential nomination or that you can make a successful case to challenge him during the fight for his reelection. But there will be, as I say, plenty of time down the road to talk about that, and the President, I believe, is focused on other matters at the moment.

Q This is an insignificant development?

MR. MCCURRY: I said -- you've got -- someone has indicated that they are putting together an exploratory committee. I don't consider that earth-shattering news -- that's correct.

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Q Well, does this hurt the President's political chances?

MR. MCCURRY: No. (Laughter.) Okay, what else?

Q Is he distraught? (Laughter.)

Q What can you tell us about the physical?

MR. MCCURRY: Okay. The President of the United States underwent a routine physical examination today at Bethesda Naval Hospital. This is the second annual physical exam for the President. He was evaluated by a panel composed of both military and civilian specialists, headed by his physician, Dr. E. Connie Mariano, who is a general internist.

Dr. Mariano said, "We are pleased to report that the President continues to demonstrate excellent health and vigor. His examination included a hearing test; eye examination; exercise treadmill test; routine chest x-ray and consultation with ear, nose and throat, allergy, sports medicine, dermatology and health food specialists. The President, 48, who continues to jog and exercise regularly, weighs 216 pounds. He is 6 foot 2 inches tall. I believe there's no change in that category. His blood pressure was 128/80. His pulse was 55, and his total cholesterol level was 203." Ends the statement from the doctor. I believe that's down from last year.

Q Cholesterol?

MR. MCCURRY: Yes.

Q Is that good cholesterol or bad cholesterol?

MR. MCCURRY: For those of you who keep tabs on it -- I don't know if those are the good ones or the bad ones. I asked the President what he liked about his exam. He said --

Q The copter ride home. (Laughter.)

MR. MCCURRY: He said he loved the treadmill. I asked him what he hated about the exam. He said, use your imagination. (Laughter.) I said, do you have any other talking points for me? He said, yes, they are three -- ouch; aghhh; and huh, huh, huh. (Laughter.) What else do you need to know? Actually, one of the doctors said to him at the end, he said, you've got at least three good days left. And the President, said, good, I better space them out over the next six years.

Q Did he learn anything new about allergies?

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MR. MCCURRY: Sarah McClendon, happy birthday. It's a delight to see you here today.

Q That's a little preview, that notice.

MR. MCCURRY: That's a little preview notice. It is tomorrow, is that correct?

Q No, not until next July. (Laughter.)

MR. MCCURRY: Well, you've got a very good publicity agent then, who is on top of the news and ahead of it -- more ahead of the news than I am, to be sure.

Q I thought maybe the doctor might have given him some clue about allergies that he could share with us.

MR. MCCURRY: I didn't. I asked Dr. Mariano, as I said, I understand from past reports that he does suffer from environmental allergies, and she indicated that is the case. But there was no change in the status of that this year.

Q Mike, that listing of the specialist that you mentioned -- were those all of the specialists that were involved in this?

MR. MCCURRY: That's all that were indicated to me by the doctor, yes.

Q By this sports medicine consultation mean that he's having some problem jogging with his knees or anything?

MR. MCCURRY: I didn't acquire on that. Did you get anything further on that? I didn't either.

Q What was the health food specialist?

MR. MCCURRY: Just a health food specialist, presumably inquiring on nutrition.

Q Is that a dietician?

Q Broccoli man.

Q Did they give him any advice on what to eat or

MR. MCCURRY: Not that the President indicated to me.

Q Is he on any kind of special diet?

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MR. MCCURRY: No, although he has been keeping an eye on his calories.

Q But his weight is roughly about what it's been?

MR. MCCURRY: I believe it may be up slightly, and what we don't have yet is a body fat measure. So it might be true that he is become somewhat more muscular in the last year -- and good, he will need every bit of it.

Q Did he have his medical test today in order to be sure he could submit to the rigors of meeting with the New Zealand Prime Minister on Monday? (Laughter.)

MR. MCCURRY: I think that's a good one where don't confirm and don't deny would be the proper answer.

Q What about that meeting?

MR. MCCURRY: What about that meeting? I haven't had -- I don't have a work-up on that. He is meeting -- he is here on Monday. We have been having a series of meetings with the New Zealand government at a fairly high level, including, I believe, the most recent the Secretary of State's meeting in Jakarta with the Foreign Minister. That is setting the way for a discussion that we continue to have, that we have advanced a variety of bilateral issues, but there remain some issues of which we expect to have further consultation with Prime Minister Bolger on Monday.

Q Do you anticipate that the United States will accept once and for all the nuclear policy of New Zealand?

MR. MCCURRY: I expect that there will be a discussion of that on Monday and appropriate comment at that time.

Q What is the status of our relations with New Zealand?

MR. MCCURRY: Go get me some stuff on that. We've probably got a paper on that already.

Q Mike, there's a report that Polish diplomats have met -- have seen the Americans held by Iraq. Can you confirm that?

MR. MCCURRY: Yes, we can confirm that the Polish Embassy in Baghdad, which represents our U.S. interests in Iraq under the protective agreement that we have, met yesterday with the two Americans who are being detained there. We're glad to know that they're in good health and that they have been permitted counselor access. But it remains our view that this situation is

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the result of an innocent mistake on the part of these two Americans and no purpose can be served by prolonging it or trying to link it to other unrelated issues -- that is, the question of their detention and their release.

Iraq should now resolve this matter by releasing the two Americans on humanitarian grounds. We hope this will occur in the near future. Any delay will simply raise questions as to the motives of Iraq.

Q Did they say anything about putting these people on trial or prosecuting them?

MR. MCCURRY: Well, they've -- in the past in a similar situation, there has been a legal proceeding. That probably would not be unlikely if that were to occur this time. Our concern, among other things, is that while they've been permitted some local counselor access, they do not have legal representation, as far as I know.

Q Do you think that they should hire Baghdad, Iraqi attorneys to represent them?

MR. MCCURRY: Well, we are concerned among other reasons about what level of justice they can get in a situation in which they're not given legal representation.

Q How active are the Polish diplomats in serving as a go-between? Are they actually negotiating, or are they just there --

MR. MCCURRY: Well, they have been our intermediaries, given the status of our diplomatic relations with Iraq, and they have been there pressing our arguments. We've also been using every avenue available to us that we can think of to press the case for the release of the two Americans.

Q Well, are there talks going on between Iraq and Poland and between Poland and us?

MR. MCCURRY: Well, they are our diplomatic -- in a sense, our diplomatic representatives for purpose of contact, and obviously they have been in contact.

Q Do you know when they will go back to see them the next time?

MR. MCCURRY: No. I don't have any information.

Q Have the Iraqis asked for direct communication on this?

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MR. MCCURRY: I don't know the answer to that. I know that there has been at least one direct exchange via Iraq's representative at the United Nations that we've reported earlier.

Q Now that Secretary Christopher is back from Moscow what's the general assessment of relations with them? And a specific question along the same lines -- what does the White House think the prospects are for some kind of agreement with them on this Iran reactor sail issue?

MR. MCCURRY: The Secretary spoke very directly to that. At the conclusion of his meeting with Foreign Minister Kozyrev he did a review of both the meetings he had and the status of Russian relations. And I would commend his statement to your attention. He reviewed in it the issues that we still have outstanding with Russian Federation. There's clearly a lot of work that will lie ahead as both governments prepare for the summit in May, and we do expect Secretary Christopher to meet at least once again with the Russian Foreign Minister in advance of that summit.

Q What's the White House assessment on this Iran reactor issue -- the prospect of some resolution on that since they agreed to discuss it between them?

MR. MCCURRY: I believe it would be accurate to say that work lies ahead on that issue.

Q Can I ask you about an issue that arose this morning in which you talked about -- that being the New York Times story this morning on the Harbury case, part of the gist of which is that it took at least three administration requests to the CIA for information on the case before final information on it was forthcoming; that each time there was another burst of information that came out, some of it under a different name for Ms. Harbury's husband? There were at least three requests for information. What do you know about that, and what can you tell us for the record about the President's attitude toward that?

MR. MCCURRY: I can tell you that there -- this case was one of deep concern to the United States, as I reported to you yesterday. I can't specify three specific requests for information because I can think myself of a good deal more than that -- occasions when senior ranking officials from our government pressed both Guatemalan officials, and obviously within our government we did everything possible to get additional information about the circumstances involving the death of Ephraim Bamaca.

Q The thrust of the story wasn't at least three requests to Guatemala -- at least three requests to the Central Intelligence Agency?

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MR. MCCURRY: Well, there was a great deal of contact back and forth between the State Department, the National Security Council, the agency and other government agencies as we attempted to get all the information we could and collect it. That was for many purposes, including the meeting that was held here between the National Security Advisor and Jennifer Harbury.

I haven't looked closely at the article about three specific requests. I mean, there were -- as information became available -- I think it's important that the information that became available, the new information I was talking about yesterday during the briefing that came available to us in January was provided to officials here in Washington from the CIA. And that is obviously information we then pursued, looked into and returned directly to the government of Guatemala so that it could be pursued.

Q Does the President have any concern that information was being withheld from him or has been withheld from him?

MR. MCCURRY: He's relying upon the statement from the Acting Director of the CIA, which was very clear on that point yesterday.

Q Mike, yesterday you said, we have no reason to doubt that the CIA was forthcoming with the White House. Is that still your belief today?

MR. MCCURRY: It's still our belief today. We have no reason to doubt that they've been anything less than forthcoming, as the statement from the Acting Director indicated yesterday. I also indicated to several of you today that we are not satisfied with the information we have at this point, and I think -- I want to make it clear, that's because we don't have all the answers that we would like to have in order to convey to Jennifer Harbury. We'd like to be able to tell her a lot more about the status of her husband's remains and the circumstances of his death. And that's why we will continue to pursue it.

By the way, I want to make it absolutely clear --there's been, apparently, in Guatemala some misinformation on this point.

There's absolutely no information that indicates in any way whatsoever that any U.S. government personnel either directly or indirectly ordered the death of Ephraim Bacama or Michael Devine.

We can, obviously, continue to urge the government of Guatemala to pursue any available lead that might shed light on the circumstances surrounding the death of this American citizen and the spouse of an American citizen, including the information we've provided directly to the government of Guatemala in February.

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Q Mike, going back to something else you addressed this morning, what would the President have in mind if, indeed, it were determined that somebody tried to keep the White House in the dark, somebody at the CIA tried to keep the White House in the dark on details of --

MR. MCCURRY: There is no indication at all that anyone has withheld information from the President or from the White House. But as I indicated earlier, if there was any information withheld, as we attempted to resolve the fate of this spouse of an American citizen, any necessary information that should have been made available to us, then the President is determined to fire anybody on the spot responsible for withholding that information.

Q Mike, you spoke of new information that was presented to the White House in January. How long did the CIA have that information before it shared it with the White House?

MR. MCCURRY: I don't know precisely how long they had that information. I don't believe they had that information for any long duration or long period of time. I believe as it was developed in the field, it was then transmitted to Washington, and the information that came to us then required us to act very carefully in order to protect the lives of individuals that might have been assisting us with the inquiry. That does not say that -- not to suggest in any way that it involved anyone that might have been implicated in the death of Bamaca, but it did require us to proceed carefully to, as I say, to protect any individual who might have been assisting us. And we -- that information also, we had to be careful with as we provided it to Jennifer Harbury and then to the government of Guatemala so that we could ask them to pursue the information and to investigate any potential lead.

Q Are you about talking about days, or weeks, or months the CIA had this before it shared --

MR. MCCURRY: It was information that certainly became available to us perhaps towards the end of the year or early this year, but certainly after Jennifer Harbury was in Guatemala at the time of her hunger strike in November.

Q More broadly, in light of this episode and other recent ones involving the CIA, does the President trust the CIA to tell him and Congress the truth?

MR. MCCURRY: As I've said several times now, the President has no reason to doubt the statement that was issued yesterday by Admiral Studeman regarding this matter, and he

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enjoys a very cooperative and good working relationship with the agency and its officials.

Q What's the effect of this on morale at the CIA? Part of the reason the President -- one of the things he mentioned when he chose John Deutch was that he expected that would raise morale over at the agency. What's the effect of this?

MR. MCCURRY: I can't imagine that this has been helpful to morale there. But at the same time, I believe that the nomination of Deputy Secretary Deutch, someone who is greatly admired and his prompt confirmation by the Senate, will do a whole lot to help improve morale there.

Q Is his nomination going up today --

MR. MCCURRY: We're checking on that now. It has not gone up. It will be ready to go up shortly, I'm told.

Q -- follow up now on the expectations of the New Zealand --

MR. MCCURRY: No.

Q (inaudible)

MR. MCCURRY: Why don't you see if you can get something so I can -- they want me to do something into the microphone on New Zealand. Okay, see if you can get something.

Q Thank you.

MR. MCCURRY: What else have you got?

Q Are you -- why aren't you providing the Senate or are you providing the Senate with the information needed for Foster's confirmation?

MR. MCCURRY: I am told that we've provided them with everything that was necessary. Let me check.

Q Well, why would they be saying you haven't?

Q It is sort of their call, too, isn't it?

MR. MCCURRY: I have no idea. If they require any additional -- any information they require, we will be providing. We've provided an extraordinary volume of information already, I believe.

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Q Do you suspect the Senate is just doing this to delay this or hold it up or drag it out?

MR. MCCURRY: The Senate has to perform its own functions as it sees fit under the advice and consent clause of the United States Constitution. On the other hand, a speedy and prompt confirmation of Dr. Foster would be in the best interest of the American citizens because he is extraordinarily qualified and capable to address matters of concern to the public health of all Americans.

Q Has the White House received any death threats or any -- things like that that might prompt extra security around Dr. Foster? There's been a report that he has security --

MR. MCCURRY: That he had extra -- you know, I meant to check that, and -- I saw that news report myself and I meant to check that, and I don't know. Do you know offhand? You'll check on it. Okay.

What else have we got? In the back.

Q Do you have a view on a Turkish buffer zone on the Iraq border, as reported in the wires this morning --

MR. MCCURRY: I'll have to check on that. I mean, we are monitoring very closely the operation that is underway there. I believe that Provide Comfort has been in a sense -- Operation Provide Comfort provides something of a buffer zone. That's obviously more directed to Kurds who are suffering under the regime of Saddam Hussein above the 34th Parallel, but that U.N. mission there is, in a sense, a buffer zone of its own. I'll check further if there have been diplomatic contacts on that issue.

Q On affirmative action, are you disheartened by the latest polls?

MR. MCCURRY: No. They're about -- I think they square with what common sense would tell you the American people think. But we're very heartened with the response to the President's update on the status of that review as he delivered it yesterday at his news conference.

Q Do you have a subject for the radio address tomorrow?

MR. MCCURRY: It was changing when I last checked. We'll let you know later on, on that point.

One other thing I wanted to just call attention to the -- over at U.S. Transportation Department, Secretary Pena today and

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the Administrator of the Federal Aviation Administration announced a one level of safety standard for scheduled commercial flights on aircraft with 10 or more seats. This primarily affects small commuter carriers. The President on the promulgation of these regulations said these new standards are a bold and necessary step forward in improving air safety and an outstanding example of how government can and should work to address the concerns of the American people. Call your attention to that.

THE PRESS: Thank you.

Q But do you -- can you just wing it on the other thing -- (laughter) --

MR. MCCURRY: I can, you know -- I'll talk to you later. I talk to you -- we've got at least two takers, and I can talk to you outside later.

Happy weekend everybody. See you Monday.

THE PRESS: Thank you.

END

2:03 P.M. EST

#40-03/24

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IMMEDIATE

DEPARTMENT OF STATE
ARA/NEA REARCS

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----- STATE 047925

FOR AMBASSADOR OR CHARGE FROM ARA/CEN

E.O. 12356: DECL: OADR
TAGS: AMGT
SUBJECT: OFFICIAL - INFORMAL

1. FOLLOWING IS ARA/CEN ASDAR FOR FEBRUARY 14, 1995
BEGIN TEXT.

PANAMA

(U) PEREZ BALLADARES TO GAIN MORE INFLUENCE OVER ARI:
WITH THE PRO VOTING IN A SOLID BLOC AGAINST STRONG
OPPOSITION, THE ASSEMBLY APPROVED REFORMS THAT WOULD GIVE
MORE PRESIDENTIAL CONTROL OVER THE INTEROCEANIC REGION
AUTHORITY. THE API IS RESPONSIBLE FOR MANAGING AND
DISPOSING OF PROPERTIES REVERTING TO PANAMA UNDER THE
CANAL TREATY. (WRIGHT)

NICARAGUA

(U) LEGISLATURE PUBLISHES CONSTITUTIONAL REFORMS AFTER
YESTERDAY'S CHAMORRO-GUZMAN MEETING DID NOT PRODUCE
ACCORD: THE GOVERNMENT SAYS IT INTENDS TO OPERATE UNDER
THE OLD CONSTITUTION UNTIL ALL LEGAL CHALLENGES TO THE
REFORMS HAVE BEEN ADJUDICATED BY THE COURTS; THE
LEGISLATURE SAYS IT WILL OPERATE UNDER THE REFORMS. BUSH
WILL REITERATE OUR MESSAGE ON THE NEED TO FIND A
DEMOCRATIC SOLUTION DURING HIS PRIVATE WEEKEND VISIT.
GON WILL DELIVER ITS POSITION TO DIPLOMATIC CORPS AT A
5:00 PM MEETING HOSTED BY FM LEAL. TOMORROW'S
GOVERNMENT-HOSTED RECEPTION FOR BUSH WILL PROVIDE EMBASSY
AN EXCELLENT OPPORTUNITY TO CANVASS EXECUTIVE AND
LEGISLATIVE OFFICIALS ON WHAT THEY INTEND TO DO; AMB AND
EMBOFFS WILL OF COURSE BE EVEN MORE THAN USUALLY EMPHATIC
ON THE NEED TO FIND A WAY OUT OF THIS IMPASSE.
(SCHONANDER)

EL SALVADOR

(U) BISHOP GUMBLETON EXPRESSES CONCERN ON LAND
TRANSFERS: BISHOPS GUMBLETON, HUBBARD AND MURPHY RAISED
CONCERNS, WHICH WE SHARE AND ARE WORKING TO CORRECT,
ABOUT THE PACE OF LAND TRANSFERS AND OTHER ISSUES IN A

MEETING WITH ANNE. THE GROUP FAULTED THE APRIL DEADLINE
FOR LAND TRANSFERS, ONUSAL'S DEPARTURE AND THE NEARING
PLANTING SEASON FOR HEIGHTENED TENSIONS AMONG LAND
TRANSFER BENEFICIARIES. THE GROUP ASKED THAT WE INCREASE
OUR PUBLIC DIPLOMACY EFFORTS TO ASSUAGE FEARS AMONG THE
BENEFICIARIES. IN A SUBSEQUENT MEETING WITH MARK
SCHNEIDER AND DICK MCCALL, THE GROUP LEARNED OF SPECIFIC
TECHNICAL MEASURES USAID IS TAKING TO ADDRESS PROBLEMS IN
THE LAND TRANSFER PROGRAM. (NICHOLS)

GUATEMALA

(U) ANCHAM RECONS HILL, EXEC BRANCH ON
ITP/CRANE-GIBBONS: SURO-BREDIE, HAMILTON AND
WILLINGHAM'S MEETING WITH THE ANCHAM DELEGATION WAS THE
LAST IN THEIR WEEK-LONG STAY IN D.C. THEIR TAKE ON
NAFTA-PARITY PROSPECTS: BETTER THAN THEY HAD EXPECTED.
HOUSE WAYS/MEANS IS A FREE-TRADE-FRIENDLY COMMITTEE THAT
WILL ENSURE A CLEAN BILL. SENATE WILL AWAIT HOUSE
ACTION; NO ONE THERE IS YET FOCUSED ON IT. THEIR
OBSERVATION THAT ONLY ONE STAFFER (RICHARDSON'S) RAISED
BANACA/HARBURY LED TO A SPIRITED EXCHANGE IN WHICH WE
MADE CLEAR THAT A FULL ACCOUNTING IS NEEDED AND THAT THEY
SHOULD NOT KID THEMSELVES INTO THINKING THAT HUMAN RIGHTS
CONCERNS WON'T COMPLICATE CONGRESSIONAL ACTION ON TRADE.
(HAMILTON)

2. FOLLOWING IS ARA/ECP ASDAR FOR FEBRUARY 24, 1995

(U) TRADE FOLLOW-UP TO SUMMIT: ON FEBRUARY 23, USTR
CONTINUED ITS INTERAGENCY DISCUSSIONS TO PREPARE THE
AGENDA FOR THE TRADE MINISTER'S MEETING IN DENVER. OVER
A DOZEN ISSUE PAPERS WERE CIRCULATED WITH IDEAS THAT THE
HEMISPHERE COULD PURSUE BETWEEN THE JUNE 1995 AND THE
MARCH 1996 TRADE MINISTERIALS WHICH WOULD NOT INVOLVE
FORMAL TRADE NEGOTIATING AUTHORITY. USTR IS PREPARING A
CABLE TO PREPARE FOR THE JUNE MINISTERIAL.
(GOLDBERG/PUETTI)

3. FOLLOWING IS SUMMIT COORDINATING OFFICE ASDAR FOR
FEBRUARY 24, 1995

(U) SUMMIT IMPLEMENTATION REVIEW GROUP (SIRG) - MARCH 6
MEETING: WE ARE PROCEEDING WITH PLANS TO HOLD THE FIRST
SIRG MEETING ON MARCH 6 FOR THE FOLLOWING REASONS: (A)
ALL SUMMIT GOVERNMENTS THAT HAVE TAKEN A POSITION THUS
FAR (INCLUDING ALL CORE GROUP COUNTRIES AND ALL THE
LARGER COUNTRIES) SUPPORT THE REVIEW GROUP CONCEPT; (B)
NO COUNTRY HAS OBJECTED TO THE MARCH 6 DATE, AND SEVERAL
HAVE CONFIRMED THEIR ATTENDANCE; (C) IT WILL BE USEFUL TO
HAVE THE SIRG MEETING PRIOR TO THE RIO GROUP TROIKA'S
MARCH 17-18 MEETING WITH THE EU TROIKA. THE RIO GROUP IS
MEETING TODAY AND TOMORROW IN QUITO TO TAKE A FINAL
POSITION ON THE SIRG CONCEPT AND ON THE MARCH 6 DATE.
ONLY AN UNEXPECTED RESULT OF THAT MEETING COULD ALTER OUR
SCHEDULE. THE SIRG MEETING WILL BE HELD AT THE ANDRES
BELLO CONFERENCE ROOM AT THE IDB. (GUSSMAN)

END TEXT.
CHRISTOPHER

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DEPARTMENT OF STATE 9501652 IS/FPC/CDR/w02 Date: 8/24/95

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United States of America

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MOSCOW 5293

Subj: Sov Press on Czechoslovakia

1. Today's Pravda editorial develops ideological basis for prolonging occupation of Czechoslovakia and for future intervention in similar situations. Largely a summary of justifications for Soviet and allied

action, it omits any mention of invitation of occupying forces either

Drafted by: POL:JSherman/MWgant *JSW*

Approving Officer: POL:JWPratt *JWP*

NAnderson:js:8/29/68

Charge:ECSwank *EC*

Concurrence: *NA*

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DEPARTMENT OF STATE

IS/FPC/CDR

Date: 12/11/96

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by Czech officials or people but instead stresses "international duty" of CPSU and Central Committee. Editorial plays down bloodshed and praises self-control of Soviet troops. At same time it refers to continuing counterrevolutionary activity and makes clear that control of news media an important factor in normalization process.

2. TASS report on "situation in Czechoslovakia" stresses continuing activity "anti-popular forces" to thwart agreement and danger from "anti-party elements" working to split Czech Party itself. Czech working class again praised for steadfast devotion to cause of international communism. Yugoslavia attacked because of alleged support of revisionist forces in CSR. ~~is a report on the situation in Czechoslovakia~~

3. Long Pravda ideological piece uses teachings of Lenin to justify intervention Czechoslovakia in defense of achievements of socialism. Article links "fraternal" defense socialism Czechoslovakia with similar action Hungary 1956, and with 1918-21 Civil War. While thrust of article is defensive, it could also provide ideological basis for greater "fraternal" economic and military aid Czechoslovakia to preserve gains socialism as situation "normalizes."

Drafted by:

Approving Officer:

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4. Slovak member Central Committee CPC Gustav Husac mentioned in two articles as playing "positive role" in Slovak Party meeting currently underway in Bratislava and in refusing to enter "new Central Committee of CPC" formed at "illegal" 14th Party Congress.

5. Further messages support appear Pravda from: Jordan CP, Salvador CP, Israeli CP, Peoples Party of Iran, and Lesotho CP. In phony attempt to put Italian, French, and British CP reactions in pro-Soviet light, Pravda prints brief extracts from recent statements by these parties showing relief that Czech-Soviet agreement was reached, thus providing hope for political solution of crisis.

6. Comment:

(a) We note emphasis in three separate articles to continuing subversive action by counterrevolutionary forces in CSR, with additional distinction not made in yesterday's press to "anti-popular" and "anti-Party" forces. Theme that counterrevolution supported from Western sources is now standard in Soviet press. Today's papers do not, however, refer to allegations in Literary Gazette Aug 28 that US "Green Beret" troops launched from West German and Austrian bases into CSR to foment trouble.

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(b) Pravda editorial conspicuously omits any reference to earlier fiction about Czechs requesting Soviet intervention. Invasion now based only on sense of socialist duty on part Soviets and allies to protect international communism.

(c) Increased attention given Husac as "good guy" marks first time since invasion that Soviet press has in effect endorsed any major Czechoslovak Party figure.

(d) Significant departure from generally defensive tone Soviet media since invasion is underlying theme of Red Star article headlined "We Never Leave Friends in the Lurch." While it refers specifically to Soviet aid to Slovak uprising against Nazis in 1944, message of article clearly designed reassure pro-Soviet elements in Czech Party that Moscow will protect them.

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Drafted by:

Approving Officer:

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R 152216Z DEC 92
FM USMISSION USUN NEW YORK
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INFO EUROPEAN POLITICAL COLLECTIVE
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UNCLAS SECTION 01 OF 05 USUN NEW YORK 005956

DEPT PASS TO HUMAN RIGHTS COMMISSION COLLECTIVE

E.O. 12356: N/A
TAGS: PHUM, UNGA/C3, YO, XG, XH, BK, UNHCR, UNHCR-1
SUBJECT: AGENDA ITEM 97 (C), SITUATION OF HUMAN RIGHTS
IN THE FORMER YUGOSLAVIA

1. ON DECEMBER 4, THE U.S. DRAFTED RESOLUTION ON "THE
SITUATION OF HUMAN RIGHTS IN THE TERRITORY OF THE FORMER
YUGOSLAVIA" (A/C.3/47/L.79/REV.L) WAS ADOPTED BY
CONSENSUS IN THE THIRD COMMITTEE. THE TEXT, INITIALLY
DRAFTED WITH THE CLOSE PARTICIPATION OF THE EC, WAS PUT
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ON HOLD WHEN IT BECAME CLEAR THERE WOULD BE A SPECIAL
SESSION OF THE HRC IN GENEVA TO CONSIDER THIS QUESTION.
OUR DRAFT WAS THEN MODIFIED TO INCLUDE KEY ELEMENTS OF
THE RESOLUTION ON YUGOSLAVIA PASSED ON DECEMBER 1 AT THE
SPECIAL SESSION OF THE HUMAN RIGHTS COMMISSION IN
GENEVA. AFTER SOME MINOR AMENDMENTS PROPOSED BY TURKEY
WERE ACCEPTED, 8 ISLAMIC DELEGATIONS ADDED THEIR NAMES
AS CO-SPONSORS, INCLUDING IRAN AND SUDAN. (SEE TEXT OF

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☐ DENY IN PART
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Date: 10/23/96

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RESOLUTION, PARA 4.)

2. AT THE TIME OF ADOPTION, AFGHANISTAN, MOLDOVA, SENEGAL, BANGLADESH, SUDAN, AND URUGUAY JOINED THE ALREADY LONG LIST OF CO-SPONSORS. THE RESOLUTION RECEIVED WIDE SUPPORT FROM COMMITTEE MEMBERS WITH A FINAL TOTAL OF 51 CO-SPONSORS. IN ADDITION TO THOSE LISTED ABOVE, ALBANIA, AUSTRALIA, AUSTRIA, BELGIUM, BULGARIA, CANADA, CENTRAL AFRICAN REPUBLIC, CHILE, COSTA RICA, CZECHOSLOVAKIA, DENMARK, EGYPT, FINLAND, FRANCE, GAMBIA, GERMANY, GREECE, HUNGARY, ICELAND, IRELAND, ITALY, IRAN, JAPAN, LATVIA, LIECHTENSTEIN, LUXEMBOURG, MADAGASCAR, MALAYSIA, MOROCCO, NETHERLANDS, NORWAY, PAKISTAN, PANAMA, PERU, POLAND, PORTUGAL, SAMOA, SAUDI ARABIA, SLOVENIA, SPAIN, SWEDEN, TUNISIA, TURKEY, AND THE UNITED KINGDOM CO-SPONSORED THE U.S. RESOLUTION.

3. FOLLOWING ADOPTION OF THE RESOLUTION, THE RUSSIAN DELEGATE EXPRESSED HIS GOVERNMENT'S VIEW THAT THE RESOLUTION WAS ONE SIDED IN ITS CRITICISM OF SERBIA AND THAT RESPONSIBILITY FOR CONTINUED CONFLICT IN THE REGION RESTED WITH ALL PARTIES. THE DELEGATE FROM SWEDEN ALSO SPOKE AS THE INCOMING PRESIDENT OF THE CONFERENCE ON
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SECURITY AND COOPERATION IN EUROPE (CSCE). HE EMPHASIZED THE IMPORTANCE OF CSCE MISSIONS IN BOSNIA-HERCEGOVINA AND CROATIA, AND THE CSCE'S COMMITMENT TO FINDING A SOLUTION TO THE CURRENT CONFLICT.

4. BEGIN TEXT OF YUGOSLAVIA RESOLUTION:

THE SITUATION OF HUMAN RIGHTS IN THE TERRITORY OF THE FORMER YUGOSLAVIA

THE GENERAL ASSEMBLY,

GUIDED BY THE PRINCIPLES EMBODIED IN THE CHARTER OF THE UNITED NATIONS, THE UNIVERSAL DECLARATION OF HUMAN RIGHTS, THE INTERNATIONAL COVENANTS ON HUMAN RIGHTS, THE INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION, THE CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE, THE CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR

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DEGRADING TREATMENT OR PUNISHMENT, AND INTERNATIONAL HUMANITARIAN LAW, INCLUDING THE GENEVA CONVENTIONS OF 12 AUGUST 1949 AND THE ADDITIONAL PROTOCOLS THERETO OF 1977,

DEEPLY CONCERNED AT THE HUMAN TRAGEDY IN THE TERRITORY OF THE FORMER YUGOSLAVIA, AND AT THE CONTINUING MASSIVE SYSTEMATIC VIOLATIONS OF HUMAN RIGHTS OCCURRING IN MOST OF THAT TERRITORY, PARTICULARLY IN THE AREAS OF BOSNIA AND HERZEGOVINA UNDER SERBIAN CONTROL, RECALLING SECURITY COUNCIL RESOLUTIONS 771 (1992) OF 13 AUGUST 1992, 780 (1992) OF 6 OCTOBER 1992 AND 787 (1992) OF 16 NOVEMBER 1992, WHICH INTER ALIA, DEMAND THAT ALL PARTIES AND

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OTHERS CONCERNED IN THE FORMER YUGOSLAVIA IMMEDIATELY CEASE AND DESIST FROM ALL BREACHES OF INTERNATIONAL HUMANITARIAN LAW, AND PURSUANT TO WHICH THE SECRETARY-GENERAL HAS ESTABLISHED A COMMISSION OF EXPERTS TO EXAMINE AND ANALYSE INFORMATION RELATING TO VIOLATIONS OF HUMANITARIAN LAW BEING COMMITTED IN THE TERRITORY OF THE FORMER YUGOSLAVIA,

RECALLING ITS RESOLUTION 46/242 OF 25 AUGUST 1992, WHICH DEMANDS AN END TO THE FIGHTING, CONDEMNS THE MASSIVE VIOLATIONS OF HUMAN RIGHTS AND INTERNATIONAL HUMANITARIAN LAW OCCURRING IN THE TERRITORY OF THE FORMER YUGOSLAVIA, IN PARTICULAR THE ABHORRENT PRACTICE OF "ETHNIC CLEANSING", REJECTS RECOGNITION OF THE ACQUISITION OF TERRITORY BY FORCE AND DEMANDS THE SAFE, UNCONDITIONAL AND HONOURABLE REPATRIATION OF REFUGEES AND DEPORTEES TO THEIR HOMES,

RECALLING ALSO ITS RESOLUTION (...) CONDEMNING UNRESERVEDLY "ETHNIC CLEANSING", AND REITERATING ITS CONVICTION THAT THOSE WHO COMMIT OR ORDER THE ACTS OF "ETHNIC CLEANSING" ARE INDIVIDUALLY RESPONSIBLE AND

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FM USMISSION USUN NEW YORK
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UNCLAS SECTION 02 OF 05 USUN NEW YORK 005956

DEPT PASS TO HUMAN RIGHTS COMMISSION COLLECTIVE

E.O. 12356: N/A
TAGS: PHUM, UNGA/C3, YO, XG, XH, BK, UNHCR, UNHCR-1
SUBJECT: AGENDA ITEM 97 (C), SITUATION OF HUMAN RIGHTS
IN THE FORMER YUGOSLAVIA

SHOULD BE BROUGHT TO JUSTICE,

RECALLING THAT THE COMMISSION ON HUMAN RIGHTS AT ITS
FIRST SPECIAL SESSION OF 1992 TO CONSIDER THE SITUATION
OF HUMAN RIGHTS ON THE FORMER YUGOSLAVIA, ADOPTED
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RESOLUTION 1992/S-1/1, IN WHICH IT CONDEMNED IN THE
STRONGEST TERMS ALL VIOLATIONS OF HUMAN RIGHTS WITHIN
THE TERRITORY OF THE FORMER YUGOSLAVIA, CALLED UPON ALL
PARTIES TO CEASE THOSE VIOLATIONS IMMEDIATELY AND TO
TAKE ALL NECESSARY STEPS TO ENSURE FULL RESPECT FOR
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS AND HUMANITARIAN
LAW AND REQUESTED ITS CHAIRMAN TO APPOINT A SPECIAL
RAPPORTEUR TO INVESTIGATE THE HUMAN RIGHTS SITUATION IN
THE TERRITORY OF THE FORMER YUGOSLAVIA, NOTING WITH

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APPRECIATION THE EFFORTS OF THE SPECIAL RAPPOREUR, AS WELL AS THOSE OF THE CHAIRMAN OF THE WORKING GROUP ON ARBITRARY DETENTION, THE SPECIAL RAPPOREUR ON EXTRAJUDICIAL, SUMMARY, OR ARBITRARY EXECUTIONS, THE SPECIAL RAPPOREUR ON THE QUESTION OF TORTURE, AND THE REPRESENTATIVE OF THE SECRETARY-GENERAL ON INTERNALLY DISPLACED PERSONS, WHO ACCOMPANIED HIM ON ONE OR BOTH OF HIS MISSIONS,

WELCOMING THE DECISION BY THE COMMISSION ON HUMAN RIGHTS TO MEET AGAIN IN SPECIAL SESSION TO CONSIDER THE REPORTS OF THE SPECIAL RAPPOREUR,

ENCOURAGING THE CONTINUING EFFORTS MADE IN THE FRAMEWORK OF THE INTERNATIONAL CONFERENCE ON THE FORMER YUGOSLAVIA, INCLUDING THE PROPOSALS MADE BY THE CO-CHAIRMAN OF ITS STEERING COMMITTEE FOR THE CONSTITUTION FOR THE REPUBLIC OF BOSNIA AND HERZEGOVINA DESIGNED TO PROTECT HUMAN RIGHTS ON THE BASIS OF FUNDAMENTAL HUMAN RIGHTS INSTRUMENTS,

WELCOMING THE CONSIDERATION BY THE HUMAN RIGHTS
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COMMITTEE OF THE SPECIAL REPORTS FROM THE GOVERNMENTS OF THE FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO), CROATIA, AND BOSNIA AND HERZEGOVINA ON THE HUMAN RIGHTS SITUATION IN THOSE PARTS OF THE TERRITORY OF THE FORMER YUGOSLAVIA, WITH RESPECT TO THEIR OBLIGATIONS UNDER THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS,

NOTING WITH CONCERN THE COMMENTS ADOPTED BY THE HUMAN RIGHTS COMMITTEE FOLLOWING CONSIDERATION OF THOSE SPECIAL REPORTS AT ITS MEETING HELD ON 6 NOVEMBER 1992,

WELCOMING THE EFFORT BY THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE TO PREVENT FURTHER HUMAN RIGHTS VIOLATIONS AND ITS MISSIONS DISPATCHED TO THE TERRITORY OF THE FORMER YUGOSLAVIA, INCLUDING MISSIONS OF LONG DURATION TO KOSOVO, VOJVODINA AND SANDJAK, WHERE THE HUMAN RIGHTS SITUATION REMAINS A CAUSE OF GREAT CONCERN, GRAVELY CONCERNED AT THE HUMAN RIGHTS SITUATION IN THE TERRITORY OF THE FORMER YUGOSLAVIA, AND IN

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PARTICULAR AT THE CONTINUING, ODIOUS PRACTICE OF "ETHNIC CLEANSING", WHICH IS THE DIRECT CAUSE OF THE VAST MAJORITY OF HUMAN RIGHTS VIOLATIONS THERE AND WHOSE PRINCIPAL VICTIMS ARE THE MUSLIM POPULATIONS VIRTUALLY THREATENED WITH EXTERMINATION,

ALARMED THAT, ALTHOUGH THE CONFLICT IN BOSNIA AND HERZEGOVINA IS NOT A RELIGIOUS CONFLICT, IT HAS BEEN CHARACTERIZED BY THE SYSTEMIC DESTRUCTION AND PROFANATION OF MOSQUES, CHURCHES, AND OTHER PLACES OF WORSHIP, AS WELL AS OTHER SITES OF CULTURAL HERITAGE,

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IN PARTICULAR IN AREAS CURRENTLY OR PREVIOUSLY UNDER
SERBIAN CONTROL,

1. COMMENDS THE SPECIAL RAPPORTEUR FOR HIS REPORTS ON THE SITUATION OF HUMAN RIGHTS ON THE TERRITORY OF THE FORMER YUGOSLAVIA;
2. EXPRESSES IS GRAVE CONCERN AT THE SPECIAL RAPPORTEURS DETAILED REPORTS OF VIOLATIONS OF HUMAN RIGHTS AND HUMANITARIAN LAW IN BOSNIA AND HERZEGOVINA, CROATIA AND THE FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO), AND AT HIS CONCLUSION THAT MOST OF THE TERRITORY OF THE FORMER YUGOSLAVIA, IN PARTICULAR BOSNIA AND HERZEGOVINA, IS THE SCENE OF MASSIVE AND SYSTEMIC VIOLATIONS OF HUMAN RIGHTS AND GRAVE VIOLATIONS OF HUMANITARIAN LAW;
3. CONDEMNS IN THE STRONGEST POSSIBLE TERMS THE ABHORRENT PRACTICE OF "ETHNIC CLEANSING", AND RECOGNIZES THAT THE SERBIAN LEADERSHIP IN THE TERRITORIES UNDER THEIR CONTROL IN BOSNIA AND HERZEGOVINA, THE YUGOSLAV ARMY AND THE POLITICAL LEADERSHIP OF THE REPUBLIC OF SERBIA

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R 152216Z DEC 92
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UNCLAS SECTION 03 OF 05 USUN NEW YORK 005956

DEPT PASS TO HUMAN RIGHTS COMMISSION COLLECTIVE

E.O.12356: N/A

TAGS: PHUM, UNGA/C3, YD, XG, XH, BK, UNHCR, UNHCR-1
SUBJECT: AGENDA ITEM 97 (C), SITUATION OF HUMAN RIGHTS
IN THE FORMER YUGOSLAVIA

SERBIA BEAR PRIMARY RESPONSIBILITY FOR THE REPREHENSIBLE
PRACTICE, WHICH FLAGRANTLY VIOLATES THE MOST FUNDAMENTAL
PRINCIPLES OF HUMAN RIGHTS;

4. CONDEMNS ALSO THE SPECIFIC VIOLATIONS IDENTIFIED BY
THE SPECIAL RAPPORTEUR, MOST OF WHICH ARE CAUSED
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BY "ETHNIC CLEANSING", AND WHICH INCLUDE KILLINGS,
TORTURE, BEATINGS, RAPE, DISAPPEARANCES, DESTRUCTION OF
HOUSES, AND OTHER ACTS OR THREATS OF VIOLENCE AIMED AT
FORCING INDIVIDUALS TO LEAVE THEIR HOMES, AS WELL AS
REPORTS OF VIOLATIONS OF HUMAN RIGHTS IN CONNECTION WITH
DETENTION;

5. CONDEMNS FURTHER THE INDISCRIMINATE SHELLING OF
CITIES AND CIVILIAN AREAS, THE SYSTEMATIC TERRORIZATION

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AND MURDER OF NON-COMBATANTS, THE DESTRUCTION OF VITAL SERVICES, THE BESEIGING OF CITIES AND THE USE OF MILITARY FORCE AGAINST CIVILIAN POPULATIONS AND RELIEF OPERATIONS BY ALL SIDES, RECOGNIZING THAT THE MAIN RESPONSIBILITY LIES WITH SERBIAN FORCES;

6. DEMANDS THAT ALL PARTIES INVOLVED IN THE FORMER YUGOSLAVIA, AND ESPECIALLY THOSE MOST RESPONSIBLE, CEASE THESE VIOLATIONS IMMEDIATELY, TAKE APPROPRIATE STEPS TO APPREHEND AND PUNISH THOSE WHO ARE GUILTY OF PERPETRATING OR AUTHORIZING THE VIOLATIONS, INCLUDING THOSE VIOLATIONS IN CONNECTION WITH DETENTION AND TAKE ALL NECESSARY MEASURES TO ENSURE THE ENJOYMENT OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, IN ACCORDANCE WITH THEIR OBLIGATIONS UNDER THE GENEVA CONVENTIONS OF 1949, AND THE ADDITIONAL PROTOCOLS THERETO OF 1977, THE INTERNATIONAL COVENANTS ON HUMAN RIGHTS, AND OTHER INTERNATIONAL HUMAN RIGHTS INSTRUMENTS;

7. REAFFIRMS THAT ALL PERSONS WHO PERPETRATE OR AUTHORIZE CRIMES AGAINST HUMANITY, AND OTHER GRAVE BREACHES OF INTERNATIONAL HUMANITARIAN LAW ARE
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INDIVIDUALLY RESPONSIBLE FOR THOSE BREACHES AND THAT THE INTERNATIONAL COMMUNITY WILL EXERT EVERY EFFORT TO BRING THEM TO JUSTICE, AND CALLS ON ALL PARTIES TO PROVIDE ALL PERTINENT INFORMATION TO THE COMMISSION OF EXPERTS IN ACCORDANCE WITH SECURITY COUNCIL RESOLUTION 780;

8. EXPRESSES DEEP CONCERN AT THE NUMBER OF DISAPPEARANCES AND MISSING PERSONS IN THE FORMER YUGOSLAVIA, AND CALLS ON ALL PARTIES TO MAKE ALL POSSIBLE EFFORTS TO ACCOUNT FOR THOSE MISSING;

9. DEMANDS AN IMMEDIATE END TO THE PRACTICE OF "ETHNIC CLEANSING", AND IN PARTICULAR THAT THE GOVERNMENT OF THE FORMER FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) USE ITS INFLUENCE WITH THE SELF-PROCLAIMED SERBIAN AUTHORITIES IN BOSNIA AND HERZEGOVINA AND CROATIA TO BRING THE PRACTICE OF "ETHNIC CLEANSING" TO AN IMMEDIATE END AND TO REVERSE THE EFFECTS OF THAT PRACTICE;

10. REAFFIRMS THAT STATES ARE TO BE HELD ACCOUNTABLE

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FOR VIOLATIONS OF HUMAN RIGHTS WHICH THEIR AGENTS COMMIT
UPON THE TERRITORY OF ANOTHER STATE;

11. EXPRESSES ITS COMPLETE SUPPORT FOR THE VICTIMS OF
THESE VIOLATIONS, REAFFIRMS THE RIGHT OF ALL PERSONS TO
RETURN TO THEIR HOMES IN SAFETY AND DIGNITY, CONSIDERS
INVALID ALL ACTS MADE UNDER DURESS AFFECTING OWNERSHIP
OF PROPERTY AND OTHER RELATED QUESTIONS AND RECOGNIZES
THE RIGHT OF VICTIMS OF "ETHNIC CLEANSING" TO RECEIVE
REPARATIONS FOR THEIR LOSSES;

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12. CONDEMNS IN PARTICULAR THE VIOLATIONS OF HUMAN
RIGHTS AND HUMANITARIAN LAW IN CONNECTION WITH
DETENTION, INCLUDING KILLINGS, TORTURE AND THE SYSTEMIC
PRACTICE OF RAPE, AND CALLS UPON ALL PARTIES IN THE
FORMER YUGOSLAVIA TO CLOSE IMMEDIATELY ALL DETENTION
CENTRES NOT IN

COMPLIANCE WITH THE GENEVA CONVENTIONS,
AND TO RELEASE IMMEDIATELY ALL PERSONS ARBITRARILY OR
ILLEGALLY DETAINED;

13. DEMANDS THAT THE INTERNATIONAL COMMITTEE OF THE RED
CROSS, THE SPECIAL RAPPORTEUR, THE CONFERENCE ON
SECURITY AND COOPERATION IN EUROPE MISSIONS AND OTHER
RELEVANT INTERNATIONAL HUMANITARIAN ORGANIZATIONS BE
GRANTED IMMEDIATE, UNIMPEDED AND CONTINUED ACCESS TO ALL
CAMPS, PRISONS AND OTHER PLACES OF DETENTION WITHIN THE
TERRITORY OF THE FORMER YUGOSLAVIA

14. EXPRESSES ITS GRAVE CONCERN AT THE SPECIAL
RAPPORTEUR'S REPORT ON THE DANGEROUS SITUATION IN
KOSOVO, SANDJAK, AND VOJVODINA, AND URGES ALL PARTIES
THERE TO ENGAGE IN A MEANINGFUL DIALOGUE UNDER THE

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UNCLAS SECTION 04 OF 05 USUN NEW YORK 005956

DEPT PASS TO HUMAN RIGHTS COMMISSION COLLECTIVE

E.O.12356: N/A

TAGS: PHUM, UNGA/C3, YO, XG, XH, BK, UNHCR, UNHCR-1
SUBJECT: AGENDA ITEM 97 (C), SITUATION OF HUMAN RIGHTS
IN THE FORMER YUGOSLAVIA

AUSPICES OF THE INTERNATIONAL CONFERENCE ON THE FORMER
YUGOSLAVIA, TO ACT WITH UTMOST FUNDAMENTAL FREEDOMS, AND
CALLS ON THE SERBIAN AUTHORITIES TO REFRAIN FROM THE USE
OF FORCE AND IMMEDIATELY STOP THE PRACTICE OF "ETHNIC
CLEANSING" AND TO RESPECT FULLY THE RIGHTS OF PERSONS
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BELONGING TO ETHNIC COMMUNITIES OR MINORITIES, IN ORDER
TO PREVENT THE EXTENSION OF THE CONFLICT TO OTHER PARTS
OF THE FORMER YUGOSLAVIA;

15. CALLS UPON THE PARTIES TO IMPLEMENT IMMEDIATELY ALL
COMMITMENTS MADE IN THE FRAMEWORK OF THE INTERNATIONAL
CONFERENCE ON THE FORMER YUGOSLAVIA AND TO WORK TOGETHER
TO ENSURE THE SUCCESS OF THE CONFERENCE, AND WELCOMES IN
THIS REGARD THE ACCEPTANCE BY THE GOVERNMENT OF BOSNIA

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AND HERZEGOVINA OF THE CONSTITUTIONAL PROPOSALS OF THE
CO-CHAIRMAN AS A BASIS FOR NEGOTIATIONS;

16. ENDORSES THE RESOLUTION ADOPTED BY THE COMMISSION
ON HUMAN RIGHTS AT ITS SECOND SPECIAL SESSION OF 1992
ADDRESSING THE REPORTS OF THE SPECIAL RAPPOREUR, IN
PARTICULAR ITS CALL FOR ALL STATES TO CONSIDER THE
EXTENT TO WHICH ACTS COMMITTED IN BOSNIA AND HERZEGOVINA
AND CROATIA CONSTITUTE GENOCIDE, IN ACCORDANCE WITH THE
CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME
OF GENOCIDE;

17. CALLS UPON ALL UNITED NATIONS BODIES, INCLUDING THE
UNITED NATIONS PROTECTION FORCE AND THE SPECIALIZED
AGENCIES AND INVITES THE GOVERNMENTS AND INFORMED
INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS TO
COOPERATE FULLY WITH THE SPECIAL RAPPOREUR, AND
IN PARTICULAR TO PROVIDE HIM ON A CONTINUING BASIS WITH
ALL RELEVANT AND ACCURATE INFORMATION IN THEIR POSSESSION
ON THE SITUATION OF HUMAN RIGHTS IN THE FORMER
YUGOSLAVIA;

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18. URGES ALL STATES, UNITED NATIONS BODIES, INCLUDING
THE SPECIALIZED AGENCIES AS WELL AS THE SPECIAL
RAPPOREUR AND, AS APPROPRIATE, INTERNATIONAL
HUMANITARIAN ORGANIZATIONS, TO MAKE AVAILABLE
SUBSTANTIATED INFORMATION IN THEIR POSSESSION OR
SUBMITTED TO THEM RELATING TO THE VIOLATIONS OF
HUMANITARIAN LAW, INCLUDING GRAVE BREACHES OF THE GENEVA
CONVENTION ARE BEING COMMITTED IN THE TERRITORY OF THE
FORMER YUGOSLAVIA TO THE COMMISSION OF EXPERTS PURSUANT
TO SECURITY COUNCIL RESOLUTION 780 (1992);

19. URGES ALL STATES AND RELEVANT ORGANIZATIONS TO
CONSIDER IMPLEMENTATION OF THE RECOMMENDATIONS OF THE
SPECIAL RAPPOREUR, AND IN PARTICULAR:

A) WELCOMES THE SPECIAL RAPPOREUR'S CALL FOR THE
OPENING OF HUMANITARIAN RELIEF CORRIDORS TO PREVENT THE
IMMINENT DEATH OF TENS OF THOUSANDS OF PERSONS IN
BESIEGED CITIES;

B) WELCOMES THE SECURITY COUNCIL'S INVITATION IN ITS

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RESOLUTION 787 (1992) TO THE SECRETARY-GENERAL, IN CONSULTATION WITH THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES AND OTHER RELEVANT AGENCIES, TO STUDY THE POSSIBILITY AND REQUIREMENTS FOR THE PROMOTION OF SAFE AREAS AND THE SPECIAL RAPPORTEUR'S RECOMMENDATION FOR THE CREATION OF SUCH SECURITY ZONES FOR THE PROTECTION OF DISPLACED PERSONS, WHILE KEEPING IN MIND THAT THE INTERNATIONAL COMMUNITY MUST NOT ACQUIESCE IN DEMOGRAPHIC CHANGES CAUSED BY "ETHNIC CLEANSING";

C) DRAWS THE ATTENTION OF THE COMMISSION OF EXPERTS
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ESTABLISHED BY SECURITY COUNCIL RESOLUTION 780 (1992) TO THE NEED FOR AN IMMEDIATE AND URGENT INVESTIGATION BY QUALIFIED EXPERTS OF A MASS GRAVE NEAR VUKOVAR AND OTHER MASS GRAVE SITES AND PLACES WHERE MASS KILLINGS ARE REPORTED TO HAVE TAKEN PLACE, AND REQUESTS THE SECRETARY-GENERAL, WITHIN THE OVERALL BUDGETARY FRAMEWORK OF THE UNITED NATIONS, TO MAKE AVAILABLE ALL NECESSARY RESOURCES FOR THIS UNDERTAKING AND FOR THE OTHER WORK OF THE COMMISSION;

20. REQUESTS THE SECRETARY-GENERAL TO TAKE ALL NECESSARY STEPS TO ENSURE THE FULL AND EFFECTIVE COORDINATION OF ALL UNITED NATIONS BODIES TO IMPLEMENT THE PRESENT RESOLUTION, AND CALLS UPON THOSE BODIES CONCERNED WITH THE SITUATION IN THE TERRITORY OF THE FORMER YUGOSLAVIA TO COORDINATE CLOSELY WITH THE SPECIAL RAPPORTEUR AND THE COMMISSION OF EXPERTS;

21. ALSO REQUESTS THE SECRETARY-GENERAL, WITHIN THE OVERALL BUDGETARY FRAMEWORK OF THE UNITED NATIONS, TO MAKE ALL NECESSARY RESOURCES AVAILABLE FOR THE SPECIAL RAPPORTEUR TO CARRY OUT HIS MANDATE AND IN PARTICULAR TO

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DEPT PASS TO HUMAN RIGHTS COMMISSION COLLECTIVE

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TAGS: PHUM, UNGA/C3, YO, XG, XH, BK, UNHCR, UNHCR-1
SUBJECT: AGENDA ITEM 97 (C), SITUATION OF HUMAN RIGHTS
IN THE FORMER YUGOSLAVIA

PROVIDE HIM WITH A NUMBER OF STAFF BASED IN THE
TERRITORIES OF THE FORMER YUGOSLAVIA ADEQUATE TO ENSURE
EFFECTIVE CONTINUOUS MONITORING OF THE HUMAN RIGHTS
SITUATION THERE AND COORDINATION WITH OTHER UNITED
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PROTECTION FORCE;

22. FURTHER REQUESTS THAT SECRETARY-GENERAL TO GIVE ALL
OTHER NECESSARY ASSISTANCE TO THE SPECIAL RAPPOREUR TO
ENABLE HIM TO FULFILL HIS MANDATE;

23. DECIDES TO CONTINUE ITS EXAMINATION OF THE
SITUATION OF HUMAN RIGHTS IN THE FORMER YUGOSLAVIA
DURING ITS FORTY-EIGHTH SESSION UNDER THE ITEM ENTITLED

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Summary

The recurring crises in Afghan-Pakistani relations since the partition of British India in 1947 have usually involved conflicts over the status of peoples divided by the "Durand Line." The British established the Durand Line by treaty with the ruler of Afghanistan in 1893 as a "demarcation of spheres of influence"; it has since come to be generally recognized as the international boundary between Pakistan and Afghanistan.

The Durand Line bisects the Pathan* ethnic homeland--that area termed "Pushtunistan" by ethnic nationalists (see Map 1). Periodic Afghan efforts to reunite the divided tribes in some fashion have repeatedly been rejected by Pakistan in squabbles that have come to be known as the Pushtunistan dispute.

The Afghans formerly ruled much of the territory that, since 1947, has constituted Pakistan's Northwest Frontier Province. Current Afghan feelings on the issue are based on irredentist ambitions on the part of some Afghans, a rejection of the Durand Line treaties which Afghans say were forced on a weak Afghan ruler, an extreme sensitivity to the political power of the Pathans in Afghanistan, and indignation at perceived mistreatment of the minority Pathans in Pakistan.

By rejecting the legitimacy of the line, the Afghan Government hopes somehow to foster the independence or autonomy of ethnic kinsmen in Pakistan and thereby win the favor of its own majority Pathan tribesmen. The Pakistanis have

*Also known as Pushtun or Pakhtoon.

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Report No. 1066
October 3, 1978

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rejected the Afghan position as interference in their internal affairs. The resulting dispute, which has flared up at least five times in the past 30 years, has been marked by hostile propaganda, border closures, economic disruptions, military skirmishes, and severance of diplomatic relations.

The crises have nearly always been precipitated by an Afghan perception that Pakistan is mistreating the Pathans within its borders. Pakistan's moves to exert counter-pressure on Afghanistan by shutting off the vital trade routes through Karachi to landlocked Afghanistan have usually resulted in Kabul's turning to Moscow. The Soviets promptly deliver aid, thereby strengthening their influence in Afghanistan.

The US publicly recognized the Durand Line as Pakistan's international boundary in 1956 and has privately taken the same position with the Pakistani and Afghan Governments in 1950, 1960, and 1978. US policy has been one of encouraging bilateral discussions between the two countries in the interests of regional harmony and stability.

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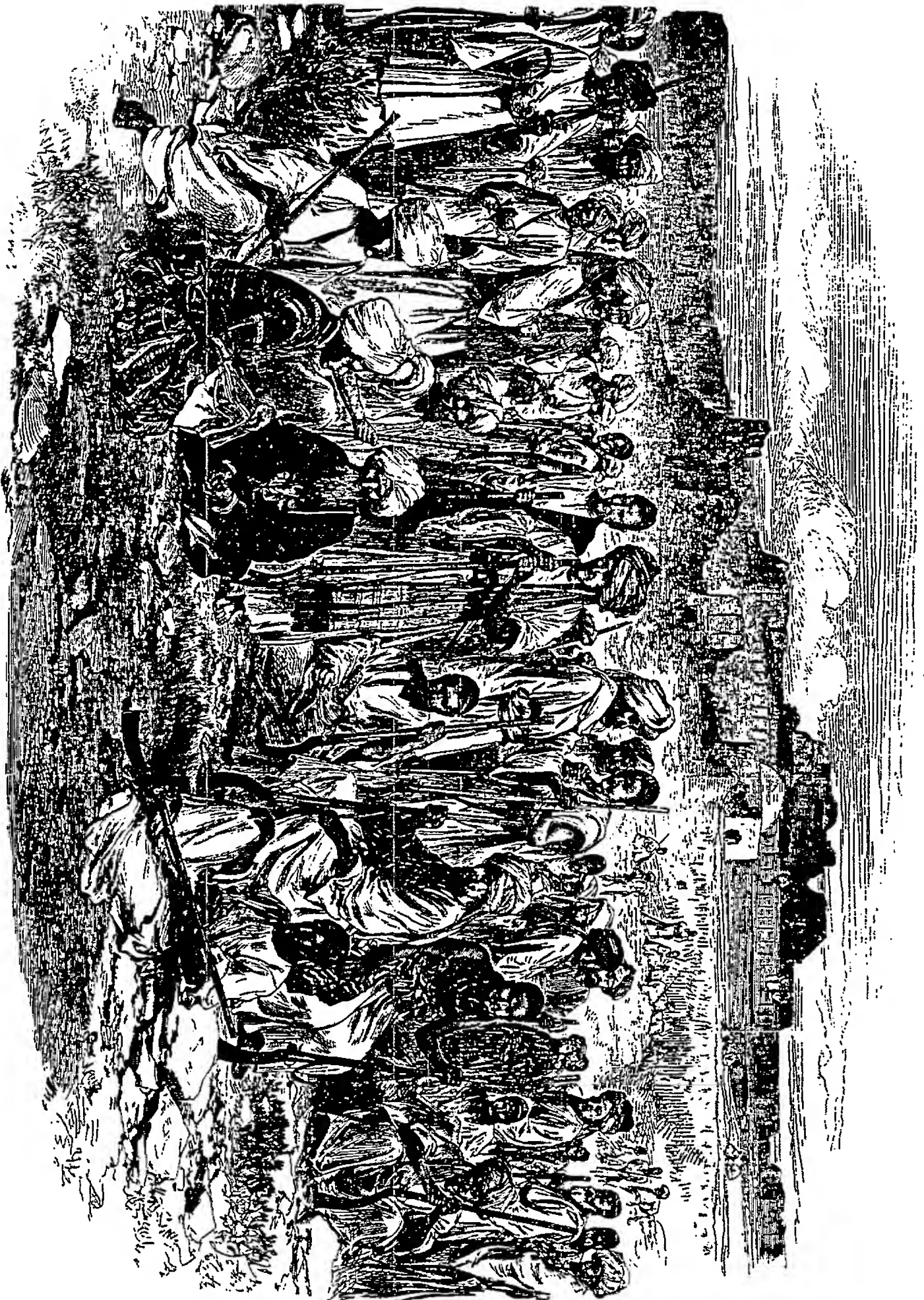
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Pathan Areas and Afghan Claims in Pakistan

Map 1



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WILD AMERICANS AND KHYBERNIES VISITING LORD MAYOR'S VISIT.
Pathan tribesmen such as these (circa 1877) have changed little in the past 100 years

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History of the Area Prior to 1947

The Pathan Homeland: Inaccessible, Ungovernable. On either side of the Afghanistan-Pakistan border lies a mountainous, undeveloped area inhabited by the Pathans (see Map 1, opposite), a group of tribes speaking a common language called Pushtu or Pukhtu. As frontier dwellers since the Achaemenid empire in the sixth century B.C., Pathans have historically ignored boundaries and continued their traditional patterns of migration, trade, and warfare.

Of an estimated 11 million Pathans at the time of partition in 1947, about 5 million lived in undivided India, mainly in the Northwest Frontier Province (NWFP) in Settled ("Administered") Districts or in Political Agencies (also called Tribal Territories) close to the border. Under British rule, the tribes in the Political Agencies were subject to the political control of the Provincial Governor but generally managed their own internal affairs and strongly resisted British efforts to change the hill country into a "settled" area. The British used allowances to obtain the loyalty of tribal chieftains, fought endless skirmishes, and stationed up to 40,000 regular troops in the NWFP. Despite these efforts, some areas in the Political Agencies were always off limits to British officials and essentially impervious to British law.

The tribes on the Afghanistan side of the Durand Line have been equally difficult to govern. Afghan governments, like their British (and Pakistani) counterparts, have also resorted to subsidies for tribal allegiance; intrigues and rebellions have been commonplace.

Afghan Empires Extend Over "Greater Pushtunistan." Afghan interest in Pushtun areas dates from the 11th century, probably because the Amirs of Afghanistan were Pushtuns. (Although the Pushtuns constituted a minority of the population, the other tribal groups--Tajiks, Uzbeks, Turkomans, and Hazaras--were so fragmented that the Pushtun plurality was able to retain its authority.) The Pushtun Amirs actually ruled the NWFP from 1747 to 1834. Peshawar was their winter capital and remains the cultural capital of the Pushtuns/Pathans (Kabul itself lies in a Persian-speaking area). The last King of Afghanistan, Zahir Shah, and the late President

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Mohammad Daoud were descendants of the last Afghan governor of Peshawar.

Even after the Pathan homeland was divided, Pathans on the British side of the Durand Line retained influence in Afghanistan. For instance, in 1929 a Pushtun/Pathan armed expedition removed an unpopular Afghan Amir and put its own candidate on the throne. (President Nur Mohammad Taraki is also a Pushtun but not of the royal clan.)

British Strategic Interest in Creating a Boundary. The UK fought two wars with Afghanistan (1838-42 and 1878-80) in an attempt to counter Russian designs on the area. From 1843 to 1896, through a series of military excursions, treaties, and annexations, the British gradually seized control of what is now Pakistan and established the NWFP in 1895. By the end of the period, the anti-British intrigues of the Amir of Afghanistan with the frontier tribesmen had led the UK to seek demarcation of spheres of influence in tribal territory.

The British wanted to:

- facilitate the governing of the border regions;
- stop the raiding parties and "outrages" of Afghan tribes;
- establish control over the mountain passes into British India; and
- create a stable buffer state between British dominions and tsarist Russia.

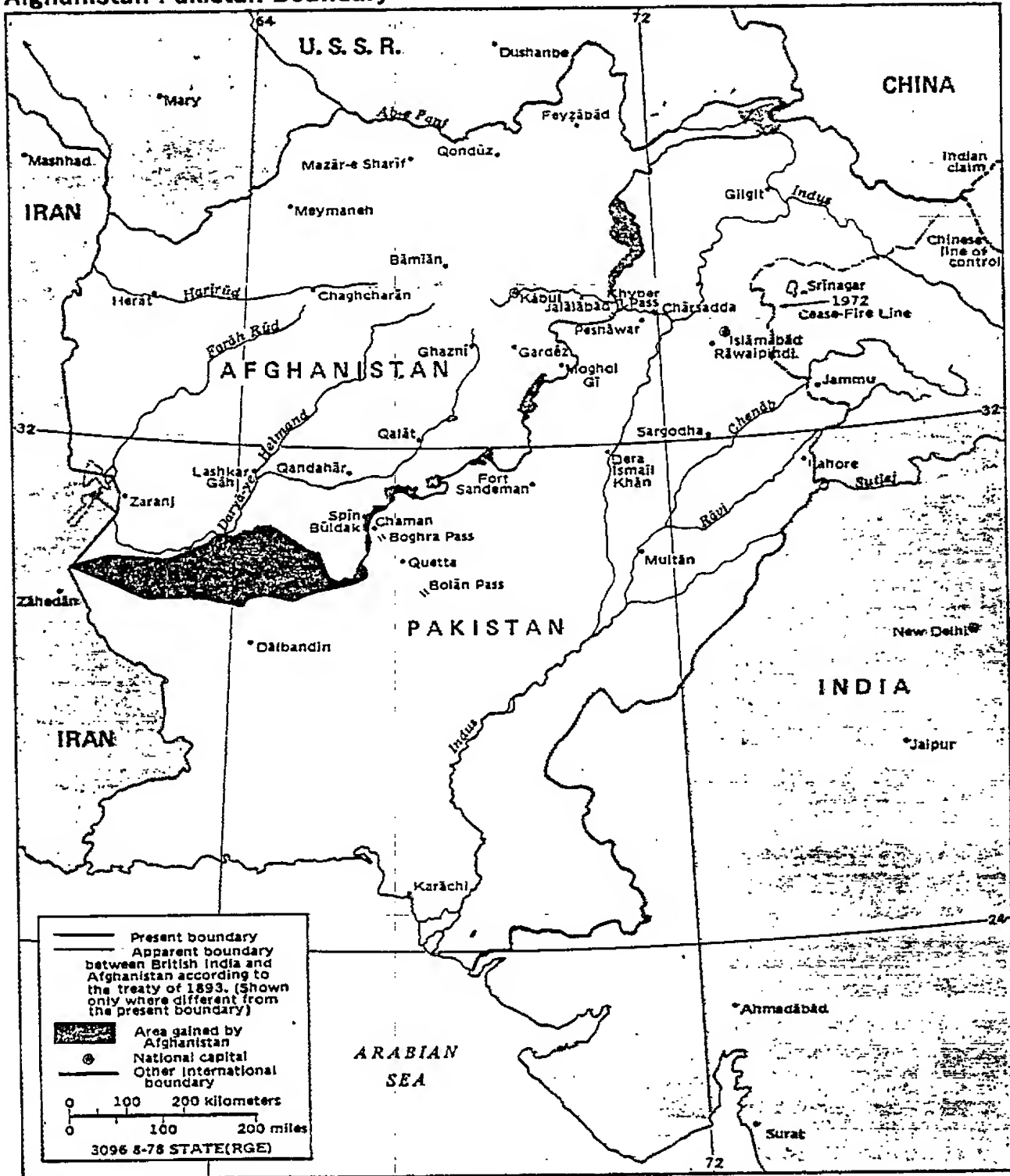
Accordingly, in 1893 Abdur Rahman Khan, an Afghan Amir who was anxious to stop British expansion into tribal areas and whose position had been weakened by internal revolt, accepted a treaty demarcating British and Afghan "spheres of influence." The treaty provided that a boundary line surveyed by a British mission under Sir Henry Mortimer Durand would constitute "the frontier of His Highness's dominions" and that neither government would "exercise interference" in territories on the other side of the line.

Drawing Up the Durand Line. Attempting to follow the inaccurate map that accompanied the agreement, mixed commissions demarcated the line in some places and surveyed it in others in 1894, 1895, and 1896. This boundary, about 1,420 miles long and stretching from Iran to China, for much of

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Afghanistan-Pakistan Boundary

Map 2



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its length follows the water divide atop a chain of mountains subsidiary to the main Hindu Kush. Between 1893 and 1932, almost 100 border adjustments were made between British India and Afghanistan. (See Map 2, opposite.)

So many inaccuracies were found in the original maps and subsequent adjustments that the line was later called the "apparent boundary between British India and Afghanistan." The Afghans vaguely reaffirmed the original agreement in treaties with the British in 1905 and 1919, and in the Anglo-Afghan Treaty of 1921 (itself reaffirmed in 1930). A supplementary British letter to the Treaty of 1921 did, however, recognize the interest of the Afghan Government in the "conditions" of frontier tribes, and each government agreed to inform the other before mounting military expeditions in the area. (Kabul has since pointed to this letter as an admission of Afghanistan's rights.)

A well-known British surveyor observed in 1901 that the Durand Line was "at one point at least seventy miles south of the position assigned to it by the Kabul Agreement. Concession was the ruling spirit of the demarcation." Notwithstanding this British spirit of "concession," the Durand Line defied ethnic and strategic logic. It crudely divided a whole people, splitting clans, tribes, and subtribes, thus calling into question any status it might otherwise have gained as a national frontier. The tribesmen felt--and feel--loyalty to fellow clan members on the other side of the Durand Line, not to non-Pushtun ethnic groups in distant locations in what is ostensibly their nation.

Over time, however, the Durand Line has come to constitute the international boundary between Pakistan and Afghanistan and is recognized as such by most nations other than Afghanistan and the Soviet Union.

Political History of Afghan-Pakistani Disputes: 1947-Present

Partition and the Accession of Tribal Territories to Pakistan. The departure of the British from their Indian Empire in 1947 set the stage for the Afghan-Pakistani dispute as well as for the more violent Indian-Pakistani differences. The troubles began with a British-conducted plebiscite that gave the peoples of British India the choice of accession to either India or Pakistan.

The plebiscite was held in Kashmir and in the Administered Districts of the NWFP, but not in the Tribal Territories. The British held that the Tribal Territories were

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part of India, but not part of British India, that British control over those territories would cease with British withdrawal, and that control would not pass to any other government. The position of these territories was analogous to that of the Indian princely states: essentially cast adrift by partition, they were free to accede to India, Pakistan, or a third state (Afghanistan) or to remain independent.

Both before and after Independence Day in August 1947, Pakistani leaders quietly wooed the tribes by promising continuance of British subsidies. Within three months after assuming power, the Pakistani authorities conducted a series of *jirgas* (council meetings) at which all the tribal leaders, on behalf of their peoples, signed documents declaring: "We are part of Pakistan.... The internal management of our tribes will remain as before." During the same period, the rulers of the princely states of the NWFP signed formal treaties of accession to Pakistan.

Afghanistan, which invited several tribal leaders to Kabul, apparently obtained no pledges of allegiance. At the time, the Pathans were preoccupied with aiding the invasion of Kashmir, which put Pakistan in possession of the portion of Kashmir which it still occupies. There was little discontent with the accession to Pakistan. While the Pushtunistan idea was seriously pursued by some individuals, no tribe appears to have committed itself as a unit to the concept.

The plebiscite for the Pathans living in the Administered Districts offered a choice of accession to either Pakistan or India. Frontier advocates of, at a minimum, a greater degree of self-rule for the region (the "Red Shirts," led by Khan Abdul Ghaffar Khan) called for a boycott of the plebiscite as a protest against its limited terms. When the results were tallied, they showed that 51 percent of those eligible had voted and that 99 percent of them had voted for Pakistan. Although the Afghan Government protested that the light vote meant that Pathans were dissatisfied, a provincial election held the previous year in more favorable weather had drawn only 60 percent of the voters. The effectiveness of the boycott has thus been held to have been trifling.

The Afghan Position: "Concern for Pathan Welfare."
Afghanistan has continued to look upon the Durand Line as an intolerable border forcibly imposed on the country by

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the British. There are several additional reasons, however, why Kabul keeps pushing the issue to lengths that often appear inexplicable to outsiders.

First, the ruling Pushtuns are convinced that they need the goodwill of trans-Durand Pathans to retain power. Although the Pushtuns are estimated to outnumber the other ethnic groups of the country, the edge is very slight. A fulfillment of the most extreme Pushtun aspiration--the annexation of the Pathan areas of Pakistan--would add 5 to 7 million Pathans to Pushtun ranks and ensure their dominance in Afghanistan.

Recalling that the last dynasty of Afghan kings was enthroned with the aid of Pathans from across the border, political analysts generally agree that prolonged tribal opposition--especially if supported by Pakistani Pathans--could eventually topple any government in Kabul. The implicit dependence of Afghan governments on tribal goodwill necessitates constant professions of anxious concern for tribal well-being. Thus, Afghan regimes usually woo the tribes on both sides of the Durand Line by emphasizing that Afghanistan is the Pathan homeland. Conversely, Pakistan, whose tribesmen constitute only around 10 percent of the population, seeks to play down the differences between Pathans, Punjabis, Baluch, and Sindhis in the interest of national unity.

Second, the Pushtuns are concerned with the welfare and status of tribal culture and perceive indifference or animosity toward it from Pakistani rulers.

Third, Kabul has pursued the ploy of trying to obtain material benefits by playing off Great Powers against each other.

Afghan irredentist urges are documented in such statements as that of Afghan Chief of Staff Ghani on February 15, 1950 (obtained clandestinely): "Sind is our border and we must have it." Similarly, in May 1978, the new Afghan Minister for Frontier Regions asserted that Afghanistan's eastern boundary was the River Indus. Map 1 shows the maximum Afghan claim for the "independent state of Pakhtoonistan" as including the NWFP and Baluchistan. (The Baluch are not ethnic Pathans, but the fact that some Pathans live in Baluchistan, coupled with the tribal nature of inhabitants of Baluchistan, has led Kabul to include Baluchistan routinely in its claims for Pushtunistan.)

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Afghanistan has made at least two diplomatic attempts to restore its influence over all tribal territory around the Durand Line. In the early 1940's, the Afghans asked the British for the return of the Frontier territory or, as an alternative, full autonomy for the area if India were granted independence. The British consistently refused to act on such requests. Soon after the British announced that partition was imminent, the Afghans again asked to be consulted over the future of the tribal areas. The British responded that neither they nor the Government of India could set up a special regime in any territory east of the Durand Line.

Piqued at this rebuff, Afghanistan was the only country to vote against Pakistan's admission to the UN in 1947. (However, the Afghan delegation later explained that it had acted without instructions and withdrew its vote.)

The treatment that the ruling Muslim League government (long identified with the British) was meting out to Pathan leader Abdul Ghaffar Khan and his Red Shirts also alarmed Kabul. When Ghaffar Khan was secretly arrested in April 1948, the Red Shirts defied a ban on public assembly to gather at Babra, a village in tribal territory near Charsadda, to discuss the arrest. Pakistani authorities reacted by sending in troops, who opened fire, killing more than 40 of the Red Shirts. The following year, Pakistani aircraft went on punitive expeditions against the rebel Faqir of Ipi. (The Faqir, around whom opposition to the creation of Pakistan had centered, was probably in Afghan pay.) The planes violated Afghan airspace and bombed Moghol Gi village (see Map 1), killing 23.

Both incidents prompted loud outbursts of mutual abuse. On July 26, 1949, the Afghan Parliament--for the first of many times--officially repudiated the Durand Line as embodied in treaties concluded with Britain.

Then and now, the question of what Afghanistan actually expects to achieve by repudiating the Durand Line and espousing "self-determination" in Pushtunistan has been the subject of much debate. Kabul's demands have ranged from complete political independence for the Pakistani tribesmen (although not for Afghan tribesmen) to merely a more independent voice for Pathans within the Pakistani political framework. All the while, Afghanistan has been quick to complain about any Pakistani intrusion into its territory over the Durand Line, although it repudiates that same line.

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The Pakistani Position: "It's None of Your Business."
Pakistan claims sovereignty over the disputed area on grounds that Pakistan inherited the British administered territories and that the unadministered tribes and princely states of the NWFP joined the nation voluntarily by written treaty and instruments of accession. However, successive Pakistani governments have greatly irritated Kabul by refusing to acknowledge that any problem has existed. They also have charged Kabul with interference in Pakistan's internal affairs, arrested Pathan leaders for sedition, mounted military actions against tribesmen in Baluchistan and the NWFP, and closed the Afghan transit links through Karachi and Quetta.

In the process, the Government of Pakistan probably has worsened its relations with its own tribesmen in the NWFP and Baluchistan. While some Pathans espoused the formation of a Pushtu-speaking administrative division within Pakistan, more often it was heavyhanded government administration that exacerbated tribal restiveness. Underlying Pakistan's refusal to tolerate Afghanistan's interest in the welfare of ethnic kinsmen in Pakistan (a right Pakistan claims for itself in the case of Kashmir) was a fear that Soviet or Afghan-supported tribal unrest could break up Pakistan.

Periods of Stress: 1950-51, 1955, 1960-61, 1973, 1978.
The Pushtunistan issue has never become completely quiescent. Except for a period of relative calm in the 1960's, it has flared up every five years since 1950.

The proximate causes of the 1950-51 period of stress included a series of Afghan grievances over not being consulted about the political destiny of Afghan kinsmen in Pakistan and over the Pakistani "massacres" at Babra and Moghol Gi. The period was marked by themes that would become a familiar pattern over the years:

--*Transit interference:* In January 1950, Pakistan barred border transit of gasoline and diesel fuel, alleging safety regulation violations by Afghan truckers. (The Afghans then turned to the USSR, signed a trade treaty in July 1950, and imported gasoline from the Soviets.)

--*Propaganda:* Much of the "war" was fought with government-controlled media. Kabul began referring to the NWFP and Baluchistan as "Northern and Southern

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Pushtunistan." Kabul newspapers carried accounts of the formation of Pushtunistan "state assemblies" in Pakistan. The Faqir of Ipi was proclaimed as the President of Pushtunistan, and the "Waziristan Assembly" as the central government. Pakistani retorts compared Afghan neglect of "backward" Pushtuns with benefits that Pathans enjoyed owing to Karachi's munificence. Both sides banned each other's newspapers.

--*Harboring of fugitives:* Besides the usual agent buying and cross-border intrigue, Pakistan allowed ex-King Amanullah's brother, Amin Jan, to reside in Waziristan for seven years. The proximity of this pretender to the throne irritated the Afghan ruler and brought sharp protests.

--*Military movements and skirmishes:* In October 1950, an Afghan *lashkar* (expeditionary force of tribesmen or irregulars) sallied into Pakistani Baluchistan in what was said to be an effort to capture the Boghra pass leading to Quetta. The expedition was repulsed. Pakistan, which had moved most of its troops out of NWFP at independence to show that the Frontier was an integral part of Pakistan, moved some regulars back into the Khyber area.

--*Harassment of diplomats:* Pakistani diplomats in Kabul complained of the hostile public attitude and the restrictions on their movements.

The 1955 crisis was also precipitated by heightened Afghan concern over the political status of the Pathans in Pakistan. On March 27, the Government of Pakistan announced its intention to institute "One-Unit" rule, whereby the four provinces of West Pakistan would be amalgamated into one (to balance the more populous Province of East Pakistan). The Afghan Government perceived this as a disinheritance of the minority Pathans--who would lose the bargaining power and leverage of a separate province--and a threat to their cultural identity. Afghan Prime Minister Daoud warned on March 28 that there would be "grave consequences" if the One-Unit plan were effected.

The next day, an Afghan mob ransacked the Pakistani Embassy in Kabul, desecrated the Pakistani flag, and raised the Pushtunistan flag over the Embassy. On the following day, a mob attacked the Pakistani Consulate in Jalalabad.

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Pakistan retaliated unofficially with a mob attack on the Afghan Consulate in Peshawar and officially by closing all its consulates and asking Afghanistan to do the same. (Embassies remained open.) Normal diplomatic relations between the two countries were not resumed until 1957.

Besides the diplomatic harassment, the crisis was marked by:

- Transit interference*: Pakistan closed Afghan trade agencies in border areas, partially blocking Afghanistan's trade routes. Once again the Soviets stepped in, and another Afghan-Soviet transit agreement was signed in June 1955. The dispute was settled in September, but by that time the Afghans had shifted much of their trade to other routes.
- Military skirmishes*: After the closure of its trade agencies, the Afghan Government mobilized troops and called up reserves. An Afghan raiding party fired on some Pakistani militia in Zhob, Baluchistan, prompting the Pakistanis to bomb raider hideouts in Afghanistan.
- Third-country mediation*: A new element in this crisis was the extensive involvement of third countries. In May 1955, both sides accepted the mediation of five Arab nations, led by Saudi Arabia, but the Saudi proposals were rejected in June. King Zahir then wrote to President Eisenhower asking for his intervention; the President declined and suggested bilateral talks to work out differences. In December, Khrushchev and Bulganin paid a three-day visit to Kabul and announced a large loan, trade agreements, and (for the first time) political support for the Afghan position on Pushtunistan.
- Propaganda*: The level of radio invective heightened. In November 1955, an Afghan Loya Jirgah (a national council) called for a plebiscite and refused to recognize Pakistani sovereignty over "Pushtunistan."

In the late 1950's, President Ayub (newly come to power) tried to integrate the tribal areas more fully into Pakistan, rekindling Afghan concerns about the status of the Pathans. At the same time, Prime Minister Daoud ran into opposition from his own tribesmen for his efforts to strengthen central control over the tribes through such measures as conscrip-

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tion, taxation, and transportation development. Relations again deteriorated.

A real crisis loomed after the failure of talks between President Ayub and Afghan Foreign Minister Naim in Karachi in January 1960. Naim indicated that Kabul would be satisfied merely "to hear that the Pathans were happy," but he did not specify what that meant. Ayub responded by denouncing Afghan interventionism (insulting Naim's Afghan pride). The result was a resumption of vigorous Afghan propaganda, returned in full by Pakistan.

The familiar pattern emerged:

- Propaganda*: During this period, Naim injected a new extreme in hard-line irredentist statements by declaring that Afghans had been deprived of their homeland by British and Pakistani "colonialists." He demanded self-determination for the Pushtuns. Kabul radio attacked the Southeast Asian Treaty Organization (SEATO) and the Central Treaty Organization (CENTO).
- Military actions*: The most serious military action between the two countries in 30 years occurred in September 1960 in Bajaur, a virtual no-man's land of unadministered territory comprising several princely states. Both countries had been maneuvering for advantage, and several skirmishes had taken place between pro-Afghan and pro-Pakistani princes. Afghanistan moved troops to the frontier and then sent about 6,000 armed tribesmen into Pakistan to "negotiate" a dispute over roadbuilding in the area. The Pakistanis ambushed the force, killing 400-600 Afghans. The incident was a serious loss of face for Kabul and allowed Pakistan to remove a pro-Afghan *nawab* (prince) and improve its control of the area.
- Diplomatic harassment*: In March 1960, Kabul put Pakistani diplomats under heavy surveillance and arrested some local employees of the embassy. In August 1961, after publishing a white paper on the harassment and difficulties facing its diplomats, Pakistan withdrew them from Afghanistan.
- Transit interference*: Afghanistan reacted to the break in diplomatic relations by unilaterally sealing the border on September 6, 1961, just as the Afghan fruit crop was ready for export. The Soviets stepped

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in and airlifted the fruit to its destination. Trade relations between Kabul and Moscow then expanded even further.

--*Third-country mediation:* Khrushchev visited Kabul again in March 1960, at which time he announced that the USSR's sympathies were with Afghanistan. (President Eisenhower had paid a six-hour visit to Kabul in December 1959, but King Zahir later complained that the visit had brought no understanding by the West of Afghanistan's problems.) President Kennedy sent a mission to Afghanistan in late 1961 to try to mediate a reopening of the ruptured transit facilities, but the initiative failed. In July 1962, the Shah of Iran offered to mediate, but his efforts did not bear fruit until he got both sides together in Tehran in May 1963, after Daoud resigned the prime ministership. As a result of the negotiations, the two countries agreed to reopen their borders and resume diplomatic relations. The period was also marked by a bizarre plan by President Ayub to federate Afghanistan, Pakistan, and Iran.

The 1961 border closure lasted almost two years, affecting the seasonal migration of Pushtun herdsmen--Afghan Kuchi (also called Powindah)--who traditionally winter in Pakistan. Pakistan ignored established practice and refused to permit the nomads to enter without passports and visas. For its part, Afghanistan would not issue travel documents to the nomads because that would imply acceptance of the Durand Line as an international boundary. The USSR again came to the rescue by providing the herdsmen with clothing, food, and fodder for their animals. (Although the passport requirement was not abolished, the Powindahs were again permitted to enter Pakistan without passports between 1963 and 1973.)

The entire issue simmered, apart from a temporary increase in propaganda in 1967-68, for the next 10 years. In July 1973, newly installed President Daoud raised the Pushtunistan issue on the day of his takeover. His determination to do so was probably intensified by President Bhutto's removal of popularly elected (tribal-led) governments in Baluchistan and the NWFP and by army repression in Baluchistan. The earlier themes returned:

--*Propaganda:* The media war escalated. Afghan diplomats alleged publicly and privately that Pakistan was encouraging "provocations" against the new

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regime. Afghanistan attacked Pakistan at the non-aligned summit meeting in Algiers in September for repression in Baluchistan and called for a return of all Pathans to "the fatherland."

--*Transit disturbances:* Pakistan clamped down on Powindah movement again for a few months.

--*Military actions:* Afghanistan arrested and detained a party of Pakistani Frontier Scouts which had "strayed" across the border. Pakistan deployed its forces closer to the border, occupied camps and cantonments abandoned since 1947, and reactivated a dormant army roadbuilding project close to the border.

--*Fugitives:* Kabul offered safe haven to Ajmal Khattak, a revolutionary Pathan poet and Secretary General of the National Awami Party (NAP). (He still resides there.) The Afghans also protested Pakistan's arrest of Wali Khan and many of his fellow NAP members.

The 1973 spat was shorter and milder than previous contretemps. By 1976, Daoud and Bhutto, through a series of visits and goodwill gestures, had moved a long way toward a settlement.

On April 28, 1978, at a time when relations were better than they had been for 30 years, Daoud was overthrown. The coup brought to power a leftist coalition party (the People's Democratic Party, led by Noor Mohammad Taraki) which had made Pushtunistan a primary plank of its party platform for 10 years or more. The actual extent of the regime's commitment to Pushtunistan remains unclear. It is possible that the regime hopes to use the issue primarily as a distraction from its internal weaknesses and its "godlessness."

In any case, events have fallen again into predictable patterns:

--*Propaganda:* Radio Kabul has begun referring again to "Northern and Southern Pushtunistan." Foreign Minister Amin raised the Pushtunistan problem at the non-aligned meeting in Havana last July, and Afghanistan has complained of provocation and encouragement of guerrillas by Pakistan.

--*Military maneuvering:* There have been low-grade military alerts on both sides, and the Afghans have

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shifted some units to positions closer to Pakistan to cope with rebellious tribes in Paktia, Konarha, and Nangarhar (see Map 1). An Afghan MiG recently landed "accidentally" in Pakistan, but was returned.

In comparison with past Pakistani-Afghan crises, the dispute in 1978 has been more restrained and has escalated more slowly, in part because the usual apparent cause for tense relations--Afghanistan's reaction to perceived threats to Pakistani Pathans--is not present to the previous degree. A Pakistani move against the Pathans, such as military action in the NWFP or Baluchistan, or imprisonment of tribal leaders, could seriously escalate the dispute.

Recent Afghan allegations of Pakistani meddling are probably due to continuing low-level rebellions in the tribal provinces along the Pakistan border. Although Islamabad does not appear to be encouraging this activity, it is probable that some rebel Afghan Pushtuns find safe haven and aid among Pathans across the border. The Taraki government may also see a need to play the popular Pushtunistan theme to win over the Afghan Pushtuns while tribal opposition to the new government remains high.

The US Position: Recognition of the Durand Line as an International Boundary. Over the years, both Pakistan and Afghanistan have attempted to enlist US support for their differing claims in the Durand Line/Pushtunistan dispute. The US position has been one of encouraging the two countries to settle their differences bilaterally in the interests of regional harmony and stability.

In 1956 the US did, however, take a public position supporting Pakistan's claim to territory up to the Durand Line, largely in reaction to Soviet calls in late 1955 for self-determination for Pushtunistan. On March 8, 1956, SEATO council members, including the US, meeting in Karachi issued a communique that stated:

"Insofar as these [Soviet] statements referred to 'Pakhtoonistan' the members of the Council severally declared that their governments recognized that the sovereignty of Pakistan extends up to the Durand Line, the international boundary between Pakistan and Afghanistan...."

While the US has made no other public statements on the Durand Line, it has given several private diplomatic assurances to both Afghanistan and Pakistan, telling them that

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the US recognizes the Durand Line as an international boundary.

- November 27, 1950: Assistant Secretary of State McGhee told the Pakistani Ambassador to Washington that a US public statement would be "inappropriate," but that the US considered acknowledgment of Pakistan's international boundary "implicit" in the prompt US recognition of Pakistan in 1947 and in the US attitude toward the dispute since that time.
- September 29, 1960: US Ambassador Byroade told Afghan Prime Minister Daoud that the US was committed to recognition of the Durand Line and asked him to exercise caution in that year's flare-up. On September 30, the State Department instructed Ambassador Rountree in Karachi to inform Pakistan of Byroade's demarche.
- September 1961: President Kennedy sent Ambassador Livingston Merchant to both countries to attempt to patch up transit links. The Merchant mission left the area after a three-week visit, unable to overcome the intransigence of either party.
- November 1974: Secretary of State Kissinger reminded Daoud and Naim of the long tradition of close US-Pakistani ties and of the US commitment to Pakistan's integrity. The Secretary avoided direct mention of the Durand Line but noted that any territorial change seemed impossible short of war. Daoud assured him that Afghanistan had no territorial designs on Pakistan.
- August 1978: US Ambassador Hummel privately reiterated the 1956 SEATO commitment to the Pakistani Government, noting that the US remains committed to Pakistan's territorial integrity.

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PAKISTAN/AFGHANISTAN: THE DURAND LINE
AND THE PASHTUN ISSUE

by
Joel M. Woldman

A Consultant Paper
prepared for
The Bureau of Intelligence and Research

Afghan claims to "Pashtunistan," the Pathan (Pashtun) majority areas on the Pakistan side of the Durand Line, have long been a source of tension between the two states. Those claims have been prosecuted more vigorously under some Afghan governments than others. Recent developments in both countries raise the possibility of a renewed, and perhaps unprecedented, escalation of the dispute. Since the 1971 secession of Bangladesh, Pakistan Government fears that further disintegration would threaten Pakistan's continued existence have led it to move vigorously against any hint of Pathan separatism. In Afghanistan, the 1973 coup of Mohammad Daud returned to power one of the most determined advocates of the "Pashtunistan" claim. Daud has been inclined to react strongly to what he views as Pakistani "oppression" of its Pathan minority.

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FOREWORD

Afghan irredentist claims on the western border provinces of Pakistan have been an irritant in relations between the two countries since the end of British rule in India in 1947. Because the revival of the issue by the new republican regime in Kabul poses a serious threat to the fragile stability of the region, the Office of Research and Analysis for the Near East and South Asia, Bureau of Intelligence and Research (INR/RNA), asked INR consultant Joel M. Woldman to prepare a brief review and analysis of both the issue and the developments which led to the present impasse.

INR's consultant program is managed by the Office of External Research. Consultant studies are designed to supplement the Department's own in-house research capabilities by providing independent, expert views on key questions.

Dr. Woldman, a South Asia specialist, is a former Foreign Service officer of the U.S. Information Agency.

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When the British and the Afghans delimited the border between India and Afghanistan in 1893, they also created an enduring source of regional tension. Although the Durand line achieved the immediate British objective of establishing the limits of Afghan authority, it also bifurcated the tribal lands of the Pathans, or "Pashtuns" as they are called on the Afghan side of the line. As a result, several tribes were split into Indian and Afghan branches, while others were deprived of any links they had previously enjoyed with related groups.

After the third Anglo-Afghan war in 1919, Afghan intrigues among the Pathans across the border were kept at a generally low level. In 1947, however, when the British announced that they would grant India independence, ambitious and historically minded Afghans saw an opportunity to regain the territory of the North-West Frontier Province (NWFP), which they had lost in 1834. When it became apparent that the British would not give them a voice in the future of the NWFP, they seized upon Pan-Afghan nationalist demands for an independent or autonomous state -- "Pashtunistan" as the Afghans put it. Afghan hopes received a serious setback when the new dominion of Pakistan was given control of the NWFP. With the refusal of the new Government of Pakistan (GOP) to consider any change in the status of the NWFP, the stage was set for a history of strained relations which has persisted to the present.

Pak-Afghan relations deteriorated further when Prince Mohammad Daud, a cousin of King Zahir Shah, assumed the Afghan prime ministership in 1953. During his 10 years in office, "Pashtunistan" became the dominant theme in Afghan foreign policy. As a result of his determination to pursue this illusory objective, important economic links between Pakistan and Afghanistan were twice seriously disrupted -- in 1955 and again in 1961. That second confrontation over the "Pashtunistan" dispute resulted in the severance of diplomatic relations, which were not restored until Daud was removed by the King in 1973.

Although the new Afghan authorities officially deemphasized the "Pashtunistan" issue during the next 10 years, they continued to maintain clandestine ties with the Pathan nationalists in Pakistan. They provided cash subsidies and propaganda materials to Pathan extremists on the Pakistan side of the Durand Line, and welcomed the father of the Pathan nationalist movement,

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Abdul Ghaffar Khan, to Kabul, where he lived as a state guest in self-imposed exile from 1964 to 1972. Ghaffar Khan's presence was occasionally used to publicize the Afghan Government's continuing interest in "Pashtunistan."

Throughout the Pakistani constitutional crisis of early 1971 and the armed conflict which followed, the Afghans pursued a "wait-and-see" policy on "Pashtunistan." Once the war was over and Pakistan was reduced to its western wing, the Kabul authorities began to express concern over developments in the NWFP and its neighboring province of Baluchistan. With the continued unity of the remainder of Pakistan itself open to question, Afghan rhetoric gained in intensity, with Kabul again referring to Pakistan's two western provinces as "Occupied Pashtunistan."

This trend escalated dramatically when former Prime Minister Daud, Afghanistan's champion of the "Pashtunistan" cause, seized power in July 1973. Shortly after the coup, Daud declared "Pashtunistan" to be Afghanistan's "only" foreign policy problem and asserted that it would soon be "solved."

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PAKISTAN/AFGHANISTAN: THE DURAND LINE
AND THE PASHTUN ISSUE

by
Joel M. Woldman

Historical Background

Afghan interest in what is now Pakistan's North-West Frontier Province (NWFP) dates back to the 11th century. The Amirs of Afghanistan actually ruled the NWFP from 1747 through 1834; Peshawar was their winter capital. Both President Mohammad Daud and his cousin, the recently deposed King Zahir Shah, are direct descendants of the last Afghan governor of Peshawar; like their ancestor, they also are ethnic Pashtuns.*

Following the first two Anglo-Afghan wars (1838-42 and 1878-80), the British, in order to delimit Afghan authority and facilitate their control of the frontier region, signed a border agreement in Kabul in 1893. The new boundary, known as the Durand Line, after its chief British negotiator, Sir Mortimer Durand, achieved imperial British strategic objectives by completing the delimitation of Afghanistan as a buffer state between the British and Russian Empires. The significance of the Durand Line for Afghan-British Indian relations, however, was that it cut through the heart of tribal territory, leaving some six million Pashtuns in Afghanistan and five million in India. The Line not only rent the ethnic unity of the Pathans, but split several tribes into Afghan and Indian branches. This ethnic anomalism has posed serious obstacles to friendly relations between successive Afghan and British Indian or Pakistani Governments for over 80 years.

In their continuing efforts to assert their independence from British domination, Afghan rulers used the nominal allegiance of the tribes on the Indian side of the line as a political weapon. Although the third and final

*For the purposes of this study, the Pakistani branches of the group will be referred to as "Pathans," and their Afghan cousins as "Pashtuns."

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Anglo-Afghan war of 1919 resulted in an end to British tutelage, British strategy continued to emphasize the importance of the NWFP and a neutral Afghanistan as the best guarantee against Russian expansion toward India. Given the weakness of the Afghan regime, its own apprehensions as to British intentions and bona fides could be expressed only by periodically stirring up the Pathan tribes on the Indian side. Known as the "prickly hedge" policy, this maintenance of tribal unrest as a deterrent against future British aggression also served as a constant reminder to the Indian Pathans of their ethnic and historic links with the Afghan Government. The Amirs' support of the Pathans was repaid in 1929 when the non-Pashtun usurper of the Afghan throne was deposed with the help of tribal war parties from India.

During the Second World War the Afghans initiated discussions with the British in an effort to guarantee a voice for themselves should there be any change in the status of India which might affect the future of the NWFP. Although the British apparently did promise to discuss the future status of the Pathan-majority province if a change seemed imminent, they did not in fact do so.

The Pathan nationalist party in the NWFP, the "Red Shirts" of Khan Abdul Ghaffar Khan, had always been allied with the Hindu-dominated Indian National Congress. Although the Red Shirts were able to win the first postwar Provincial Assembly election in 1946, they were soon engaged in a struggle for their political lives by the pro-Pakistan Muslim League. In an effort to counteract the League's unanswerable religious appeal to the fanatically devout Pathans, Ghaffar Khan in the spring of 1947 proposed the idea of an independent Pathan state, to be called "Pakhtunistan."* As the provincial referendum approached which would decide the future affiliation of the NWFP with either India or Pakistan, the Red Shirts made Pakhtunistan the central plank of their party platform.

The Pakhtunistan concept, formulated in desperation as a last-ditch attempt to forestall the accession of the NWFP to Pakistan, was based on an emotional appeal which took no cognizance of the viability or cohesiveness of the proposed state. The adoption of the Pakhtunistan objective by the

*Because Afghan Pashtuns generally speak the softer southwestern dialect of the tribal language, they pronounce the word "Pashtunistan." Pakistani Pathans, most of whom speak the more guttural northwestern dialect, tend to pronounce it "Pakhtunistan."

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Afghans shortly before partition was largely a result of their own dissatisfaction with the offhand treatment of their earlier request to the British that they be consulted in the matter. They also continued to harbor the illusion that their support for Pashtunistan (as they pronounced it) would guarantee them some voice in the future of the NWFP.

Within 10 days of the June 3, 1947, announcement of the imminent partition of the Indian Empire, Afghan authorities informed both the British and Indian Governments that the inhabitants of the region between the Durand Line and the river Indus were Afghans and must decide for themselves whether to declare their independence or join Afghanistan, Pakistan, or India. The British responded by reminding the Afghans that they had reaffirmed their recognition of the Durand boundary in the Treaty of 1921. They also asked the Afghans not to intervene in the NWFP at the time of the transfer of power.

Shortly after the inauguration of Pakistan on August 14, 1947, the Government of Afghanistan reiterated its position on the future of the Pathans. On the grounds that the Pathans had not had a fair plebiscite, Afghanistan voted against Pakistan's admission to the United Nations -- the only member to do so. Further discussions between Pakistani and Afghan representatives toward the end of 1947 were fruitless, since Pakistan refused to accept the Afghan contention that all former treaties with the British were null and void. The Pakistanis continued to maintain that they had inherited British rights to the NWFP and that the Pathans in both the administered districts of the Province and the tribal areas had, by the 1947 referendum and in tribal councils, indicated decisively their desire to join Pakistan.

Kabul's Campaign for "Pashtunistan" (1948-53)

In June 1948 Pakistani Pathan leader Ghaffar Khan, his son Wali, and other Red Shirt activists were arrested by Pakistani authorities for sedition. The Afghan Government on the same day mounted a press and radio campaign for an independent Pashtunistan. Radio Kabul began to emphasize the theme that Pakistani colonialism, as the successor to British imperialism, had as its objective the domination of the Pathans and exploitation of their resources for the benefit of the Punjabi majority. The Pakistani Pathans were increasingly referred to as "trans-Durand Afghans."

Throughout 1949 the Pakistan and Afghan Governments traded claims and counterclaims over the Pashtunistan issue. There were also some minor military actions on both sides of

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the Pakistan-Afghanistan border in the tribal areas. On July 26, the Afghan National Assembly officially repudiated the treaties concluded with Britain over the tribal territories. Pakistan's official response was that the Afghan action cast doubt on the validity of Afghanistan's borders with Iran and the USSR, since those boundaries had also been the result of "imperialist" diktats.

Within a year Afghan-sponsored agitation on the Pakistani side of the border was on the rise. A "Pashtunistan Fund" was created and a "Pakhtun Provisional Parliament" was established with branches in various parts of the tribal areas. The first "president" of the parliament was the Faqir of Ipi, a longtime foe of the British in the Waziristan Tribal Agency. Under his aegis the Pashtunistan flag was raised, with respectable publicity from Radio Kabul. In late September the government of Pakistan announced that a large Afghan raiding party, including regular army troops, had crossed into Pakistan, but it was repulsed by Pakistan forces. The Afghan authorities denied the charge; it was apparent, however, that the objective of this otherwise purposeless and dangerous activity was to focus world attention on the Pashtunistan issue.

and Presses for Pashtunistan (1953-63)

Pashtunistan became a major theme of Afghan foreign policy under the leadership of Sardar Mohammad Daud. Prince Daud, the former Defense and Interior Minister and a cousin and brother-in-law of King Zahir Shah, assumed the prime ministership in 1953. As the U.S. military assistance relationship with Pakistan grew, Daud turned to the Soviets in 1954 for the military and economic support that he felt Afghan security required. One of the reasons that he took this step was his concern that Afghanistan would no longer be able to pursue the Pashtunistan issue if its antiquated military establishment faced the threat of armed response from a U.S.-equipped Pakistan army and air force.

When the "One Unit" plan was announced in March 1955, the situation in Pakistan grew intolerable from the Afghan point of view. Under this new constitutional arrangement, the four provinces of West Pakistan would be merged to form a single unit with its provincial capital at Lahore. Following a violent speech by Daud condemning the plan as a plot against Afghan self-determination in the NWFP, a mob attacked the Pakistan Embassy in Kabul, desecrated the flag, and injured several staff members. Similar incidents occurred when demonstrations were held at the Pakistan consulates in Baluchistan and Qandahar.

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Pakistan reacted by closing the border to transit traffic for Afghanistan. This seriously disrupted the Afghan economy, which depended on an uninterrupted flow of commodities from the outside world via the port of Karachi. Diplomatic relations between the two countries were severely strained as consulates were closed and ambassadors recalled. The blockade lasted 6 months until the dispute could be resolved on the basis of a "gentlemen's agreement." Despite the apparent resolution, however, Afghan awareness of Pakistan's power to blockade their borders has clouded the atmosphere of Pak-Afghan relations ever since then. It has also served to reorient some Afghan trade toward the Soviet Union.

Bilateral relations continued to be strained during the remaining years of the Daud regime as each side attempted to reassert the validity of its own position on the Pashtunistan question. Afghanistan was particularly incensed by a SEATO declaration in 1956 that the region up to the Durand Line was Pakistani territory and hence within the treaty area.* Afghanistan responded by strengthening its ties to the USSR. The Soviet military assistance program begun in 1956 permitted the Daud regime to modernize its army. With this modernized army the government was able to overcome a tribal revolt near the Pakistan border against extension of central authority into that region through roadbuilding and military conscription efforts. President Ayub responded with an official protest against the new Afghan communications routes into the frontier areas.

The Afghans intensified their Pashtunistan campaign during the same period. Both King Zahir Shah and Prime Minister Daud repeated earlier claims for self-determination for the Pakistani Pathans in broadcasts on Radio Afghanistan. The situation deteriorated further in 1960 and 1961 when Afghan irregulars and army troops dressed as tribesmen twice crossed the Durand Line into the Bajaur area north of the Khyber Pass and tried to foment revolt among the Pakistani Pathans. The final step in the escalation was Kabul's unilateral -- and ultimately self-defeating -- sealing of the border and the severing of diplomatic relations in September 1961.

Economic pressures on the Afghans again built up rapidly. Their traditional trade links with the subcontinent were disrupted at the very time when their fruit crop was ready for

* This has continued to be the U.S. position on the question.

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port to India and Pakistan. Although the Pakistanis had announced their willingness to permit the flow of in-transit goods to and from Afghanistan, Daud made settlement of the Pashtunistan issue the quid pro quo for reopening the border.

The Soviet Union, by purchasing the bulk of the fruit crop and organizing an airlift to transport it north, prevented economic disaster for Afghanistan. The Soviets also provided additional transit facilities for essential imports. Since the border closure halted growing U.S. aid inputs which were imported wholly via Pakistan, the U.S. Government attempted to mediate. The 3-week attempt at reconciliation was unsuccessful and President Kennedy's envoy, Livingston Merchant, returned emptyhanded.

The 1961-63 border closure also affected the seasonal migration of Afghan Pashtun nomads -- the Kuchi or Powindah herdsmen who traditionally wintered in Pakistan. The Ayub government refused to permit the Afghan nomads to enter Pakistan without passports and visas. Pakistan had never imposed this requirement before on the Powindahs, who had crossed the border almost at will.* Afghanistan, for its part, would not issue them travel documents, which would imply acceptance of the Durand Line as an international boundary. The USSR again aided the Daud government by providing the nomads with clothing, food, and fodder for their animals. Fortunately for them, the two winters of closed borders were comparatively mild.

Afghanistan Deemphasizes Pashtunistan (1963-73)

Although the Pashtunistan demand was not abandoned, the continued break in diplomatic and economic relations between Pakistan and Afghanistan grew increasingly less tenable for both countries. From its own point of view, in terms of continued independence and neutrality, Afghanistan was jeopardizing its position by being forced to rely so strongly on the Soviet Union. Internal opposition to this close relationship with the Russians was growing among the conservative Afghan clergy (the ulema), and the intelligentsia became increasingly more restive under the domestic authoritarianism of Daud. Under growing pressure for change within the country, Daud was forced to resign in favor of a new power coalition

* Although this requirement was never abolished, the Powindahs were permitted to enter Pakistan without passports between 1963 and 1973. The Government of Pakistan again imposed the requirement in late 1973, but subsequently agreed to waive it.

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led by King Zahir Shah; his uncle, Marshal Shah Wali; and his cousin, Sardar Abdul Wali.

The new regime's first accomplishment was the restoration of diplomatic, consular, and commercial relations with Pakistan in May 1963. At the same time, however, an Afghan representative made it clear that Afghanistan would continue to deny the legitimacy of the Durand Line. When the Loya Jirga (a supra-parliamentary body acting as a constituent assembly) approved Afghanistan's new constitution in September 1964, it also approved a resolution affirming the country's "religious, national and historic" duty to support the rights of the Pakistani Pashtuns and its anticipation of a settlement on the basis of their true aspirations.

Although the Afghan Government (RGA) was content to deescalate Pashtunistan in the interest of improved relations with Pakistan, it was not averse to exploiting the issue whenever possible. Such an opportunity arose in late 1964 when Khan Abdul Ghaffar Khan, the Pakistani Pathan leader, applied for an Afghan visa during a visit to Europe and the Middle East. Although the Pakistan Government had attempted to restrict his travel in South Asia to countries other than India or Afghanistan, the visa was granted quickly in Cairo and the old man received a triumphant welcome in Kabul on December 12.

Greeted by Prime Minister Muhammad Yusuf and his cabinet, and crowds shouting "Long live Pashtunistan!", Ghaffar Khan (by his own account) assured the press that he had come to Afghanistan only for medical treatment. Since Kabul is not normally thought of as being very well-served in that respect, the statement was open to a different interpretation in Islamabad. He was, however, provided a Czech physician and treated as a state guest by the Afghan Government.

With an eye to the situation in the NWFP and anticipating the January presidential election in Pakistan, Ghaffar Khan asked the RGA not to make political capital of his stay in Kabul. This request was apparently honored, for the exuberant press and radio coverage which followed his arrival subsided soon afterward. Ghaffar Khan reportedly refused permission for the official Afghan news service to interview him for publication; he told the Afghans that he was a "loyal Pakistani" and that his concept of "Pakhtunistan" -- in essence, a measure of autonomy for the Pathans within Pakistan -- was

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quite different from the Pashtunistan being promoted by the RGA. He also went so far as to criticize the Afghans' poor record on promoting the Pashto language. The old man's health problems persisted, and he entered a hospital for regular treatment and a less conspicuous presence.

Between 1965 and 1967 Pashtunistan had a decidedly low priority as a foreign policy issue in Afghanistan, beyond perfunctory annual "Pashtunistan Day" references. Despite temptations to take advantage of the dislocation caused by the September 1965 Indo-Pakistan war, the RGA merely voiced "great concern" at "the bombing of Pashtunistan" by the Indian Air Force. Relations between Afghanistan and Pakistan were sufficiently good by early 1967 that King Zahir Shah and Queen Homaira were welcomed in Rawalpindi for a brief stay en route back to Kabul from a state visit to India.

By late 1967, however, Pashtunistan fever was again in the air. Before his October resignation on grounds of poor health, Afghan Premier Maiwandwal delivered a tough speech in favor of Pashtun rights at the annual Jeshyn (Independence Day) observance. His successor, N. A. Etemadi, also stressed Pashtunistan in his first policy speech to the Lower House and pledged vigorous "peaceful" efforts for Pathan self-determination. Ghaffar Khan, who had been relatively quiescent during his Afghan stay, was "unleashed" to stir up with some success pro-Pashtunistan feeling among members of the Loya Jirga. The old man again surfaced on the occasion of the 1968 Afghan Independence Day celebration to tell his audience that Pashtunistan was still his goal and that whoever supported this, "be he a Red Kafir or a Hindu," was his friend.

Shortly after the December 1970 Pakistan election, King Zahir Shah told U.S. Ambassador Neumann that he was unhappy with the results because of the poor showing of the pro-Pathan National Awami Party (NAP). As the Pakistani constitutional crisis grew ever more intractable and positions hardened, the RGA watched and waited. Anticipating the economic effect which massive disruption in Pakistan would have on Afghanistan, the Afghans again deemphasized Pashtunistan, reportedly exercising great caution in handling tribal subsidies. They were also said to have actually

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discouraged the efforts of Pakistani tribal dissidents to enlist fresh Afghan support.

When civil war finally erupted in East Pakistan in March 1971, the RGA continued to observe developments across the border anxiously. During the following months of rising tension, the Afghans took a wait-and-see attitude on Pashtunistan. While there were reports that it sympathized with the Bengalis in their struggle for independence from Pakistani domination, the RGA did nothing to foment disorder on Pakistan's western border.

This favor was repaid when, during even the darkest days of the December war between India and Pakistan, the West Pakistan authorities continued to transship U.S. wheat from Karachi to the Khyber border to help stave off the effects of the severe famine then raging in Afghanistan. Although King Zahir's sudden Moscow visit during the war was seen as an ominous sign in Pakistan, the King apparently made no effort to enlist Soviet support for Afghan border claims and received none.

Once the war was over and Pakistan was reduced to its former western wing, the center of attention shifted to the new President, Zulfikar Ali Bhutto, and his ability to solve the staggering problems facing the country. Not the least of these was the future constitutional relationship between the Central Government and the provinces, especially the opposition strongholds of Baluchistan and the NWFP. Bhutto's first official visit outside Pakistan following his assumption of office was a short trip to Kabul. The choice of Afghanistan was an indication of his growing awareness of the potential threat which the Pashtunistan demand posed to the continued existence of Pakistan.

During 1972 the RGA expressed growing interest in Pakistan's two border provinces, which it called "occupied Pashtunistan." When Bhutto removed the two governors of these provinces in February 1973 following the discovery of a cache of Soviet-made arms in the Iraqi Embassy in Islamabad, he lost no time in informing the Afghans that although Pakistan regarded friendship with Afghanistan as important, the question of "government status" in the two border provinces was strictly an internal Pakistani concern. In response, the Afghan Government asserted that everything which played a major role in the destiny of those provinces had a great impact on Afghan public opinion and that impact would guide official policy.

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From mid-1971 onward, Afghanistan also became an important way station for a kind of "underground railroad" by means of which thousands of Bengalis stranded or detained in West Pakistan could escape and make their way to India, and after December 17, to Bangladesh. The riddlemen were tribal Pathans who used their cousins on the Afghan side to help smuggle their human cargo over the border. Although the RGA refrained from taking a public stand on the East Pakistan secessionists, its sympathies were with them. This grew as much from humanitarian considerations as the possible impetus which the success of the action might give to similar Pathan efforts.

Daud II: Pashtunistan Revisited

The Pashtunistan dispute passed through a comparatively dormant phase during the 10 years following the ouster from power of Mohammad Daud in 1963. While no Afghan Government, even in the limited parliamentary system which operated on the basis of the 1964 constitution, could survive without at least lip service to the Pashtun cause, the interregnum was marked by correct if not cordial bilateral relations. The crucial economic aspect of the relationship continued on a more or less even keel. The two best examples of this were Pakistan's permission for Afghan fruit exports to be shipped across its territory to India despite Pakistan's embargo on any economic ties with its eastern neighbor and the 1971 wheat transit arrangement described above.

The situation took a radical turn for the worse, however, when Daud, the architect of Afghanistan's disastrous earlier Pashtunistan policy, seized power and declared a republic on July 17, 1973. The new President's first public statement after the coup singled out the Pashtunistan issue as Afghanistan's only current foreign policy problem and asserted that it "would be solved."

The new regime, exercising what it considered to be its legitimate proprietary interest in the welfare of Pakistani Pathans and their "Baluch brothers," has reacted with predictable expressions of concern at each move by Bhutto against the Pathan-led National Awami Party opposition. In addition, Afghan representative Pazhwak referred to Pakistan at the Algiers Conference of Nonaligned Nations in September 1973, as a "colonial power" that had torn away seven million people from their "Afghan fatherland." By these acts, the new Daud government set the stage for a new, and perhaps unprecedented escalation of an issue which has long plagued the region.

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PAKISTAN: THE POLITICS OF PATHAN IDENTITY

by
Joel M. Woldman

*A Consultant Paper
prepared for
The Bureau of Intelligence and Research*

Pakistan's 10 million Pathans are divided into factions with diverse, often conflicting interests. No single spokesman or political vehicle represents Pathan interests, nor has Pathan "nationalism" ever been articulated in the form of a clear political program. Yet the Pathans remain a people apart from the mainstream of Pakistani life, at serious odds with the country's dominant groups. Aspects of Pakistan's new constitution and political system appear likely to perpetuate the Pathan sense of alienation. Moreover, Wali Khan and his National Awami Party, however ineffective they may appear in conventional political terms, symbolize a latent assertion of Pathan identity. Should the Pathans perceive a serious threat by the Central Government to this identity or their way of life, they would be more likely to adopt armed resistance than to accept an imposed compromise.

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FOREWORD

Pathan nationalism has been a rallying point for antiestablishment forces in Pakistan's North-West Frontier Province for more than 50 years. Moreover, the Pathan lands have been a source of friction (the "Pashtunistan" dispute) between Pakistan and Afghanistan since the partition of British India in 1947, and this friction has taken acute form in the wake of the 1973 coup in Kabul. Because of the potential threat which this situation poses both to the territorial integrity of Pakistan and to regional stability, the Office of Research and Analysis for the Near East and South Asia, Bureau of Intelligence and Research (INR/RNA), asked consultant Joel M. Woldman to analyze the origins, nature, and extent of Pathan nationalism in Pakistan.

INR's consultant program is managed by the Office of External Research. Consultant studies are designed to supplement the Department's own in-house research capabilities by providing independent, expert views on key questions.

Dr. Woldman, a South Asia specialist, is a former Foreign Service officer of the United States Information Agency.

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SUMMARY

Pakistan's Pathans, an unruly and unpredictable tribal people, dominate the country's North-West Frontier Province (NWFP). Although greatly outnumbered by the Punjabis, who traditionally have ruled Pakistan, the Pathans have never been docile subjects of any central authority. The legendary Pathan predilection for solving problems through conflict rather than compromise persists, no less in Pakistani politics than in interpersonal tribal relations.

The assertion of Pathan identity and objectives as a political cause has, since the early 1960s, been the rallying cry of Khan Abdul Wali Khan, leader of the National Awami Party (NAP). The NAP is essentially a collection of ethnically diverse regionalist groups from Pakistan's three non-Punjabi provinces, whose primary unifying thread is their opposition to the Punjabi-dominated Central Government now headed by Z. A. Bhutto. Given the lack of any Pakistani precedent for a loyal opposition and the absence of a national consensus, it is unlikely that the tension between Bhutto and the NAP will soon be resolved. The NAP campaign for "provincial autonomy" is interpreted by Bhutto as a prelude to secession, invoking memories of similar Bengali demands prior to 1971.

Although Wali Khan claims to speak for all Pathans, his leadership is less readily accepted in the tribal areas. The perennial NAP demand that the federally administered tribal areas be integrated into the NWFP is interpreted by the maliks, or tribal headmen, as a direct challenge to their traditional authority. These tribal chiefs also fear that integration would end the subsidies originally established by the British as a bribe for good behavior.

Tribal maliks have benefited from this arrangement, as well as from other economic inputs from the Central Government, ranging from lucrative transportation licenses to a complaisant attitude toward a flourishing trade in smuggled goods. Also, much of the illicit opium produced in Pakistan originates in the tribal areas, where central regulations do not apply and enforcement is difficult.

The Pathans of the NWFP have legitimate grounds for discontent. The long struggle of the NAP there for provincial autonomy is rooted in these inequities. To the extent that they persist -- or are believed to persist -- the party's challenge to central authority will continue.

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The return in 1970 to four smaller, more ethnically homogeneous provinces, after some 15 years in which they were governed as a single province, has exacerbated, rather than improved, relations between the Central Government and the Pathan nationalists. NAP attempts to gain political leadership in the two border provinces and its role as leader of the parliamentary opposition in the National Assembly have exposed it to extreme pressures from the Bhutto government.

While the political significance of the Pathans' discontent is unquestionable, their objectives are surprisingly vague and unarticulated. This reflects the political impotence of 10 million Pathans in a nation of 65 million, as well as the lack of a consensus among the Pathans themselves.

Nowhere is this more clear than in the conflicting political goals among different segments of Pakistani Pathans. A few extremists in the tribal belt who have Afghan irredentist support have consistently sought the secession of the Pathans from Pakistan. Next along a notional political spectrum (whose opposite extreme is acceptance of the status quo) are the Pathans of the Wali Khan NAP. Close to the NAP is the Jamiat-ul-Ulema-i-Islam (JUI), which as a religious populist party has appealed to the fanatically Muslim Pathans.

Although Pakistan under the 1973 constitution is closer to political democracy than ever before, Pathan nationalists in the settled districts of the NWFP remain dissatisfied. They want greater provincial autonomy and local control of resources; they fear that Bhutto will readily use his inherent powers as Prime Minister to subvert democratic freedoms. Indeed, he has already used these powers against the NAP, e.g., in his peremptory dismissal of the NAP governors of the NWFP and Baluchistan and the arrests of more than 100 second-echelon leaders of the Frontier NAP (the party's NWFP branch).

For the time being most Pathans seem resigned to their situation. Barring massive external interference or the perception of a serious threat to their way of life, the majority of Pathans will probably continue to accept the present uneasy truce with the Central Government.

While there is no single spokesman for all the divisive, conflicting Pathan interests, and there are clear limitations

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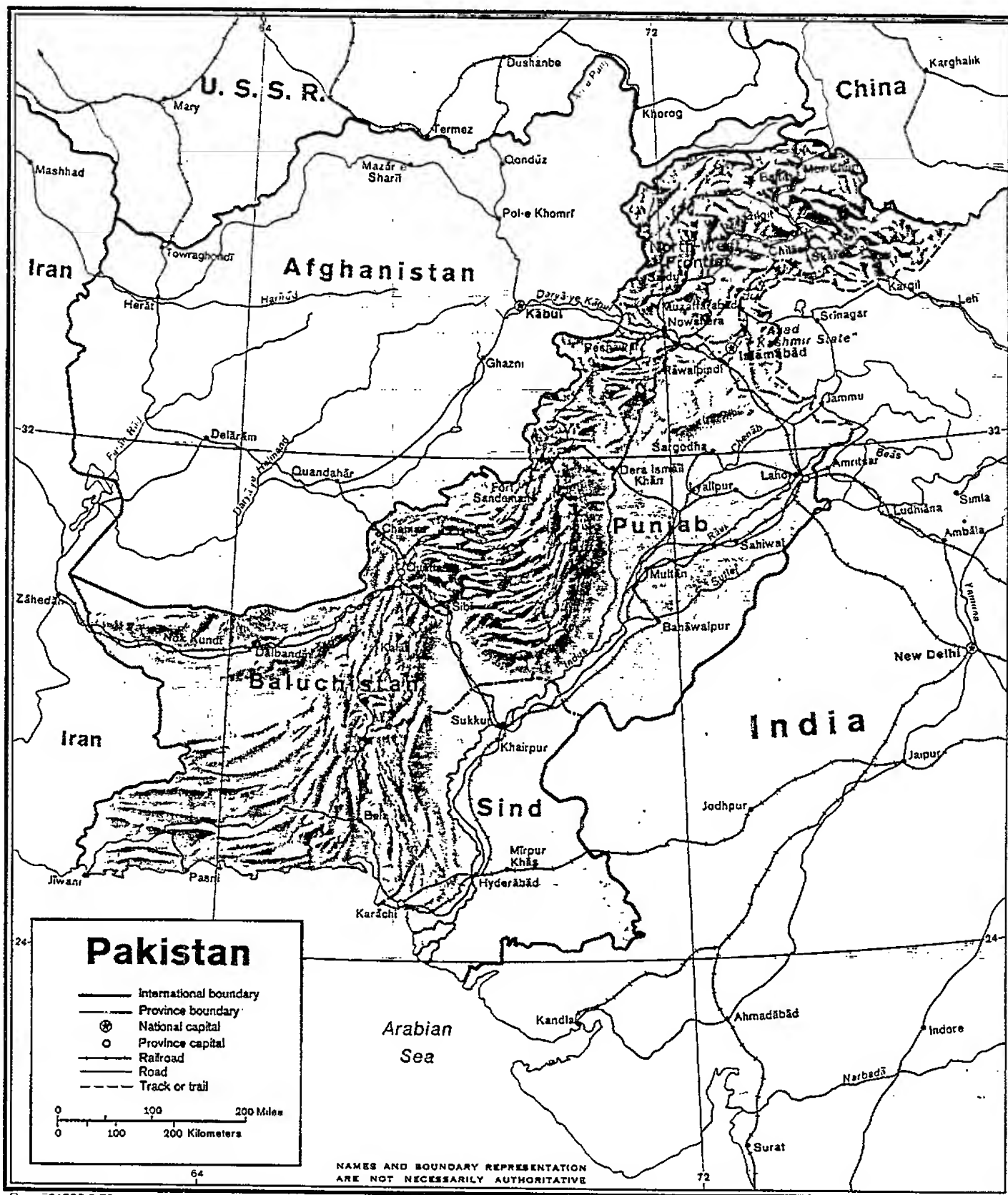
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on the political effectiveness of Wali and the NAP, the durability of the unusual NAP-JUI coalition bespeaks more Pathan support for and identification with the NAP than conventional political criteria would indicate. Despite Wali's comparatively limited support, he is the Pathan spokesman on the national political scene and poses sufficient challenge to the authority of the Central Government to have earned its continuing attacks and enmity.

The economic viability of an independent "Pashtunistan" is open to serious question, but such rational considerations would most likely be disregarded if a charismatic leader, such as Wali Khan, were able to persuade his people that either secession or union with Afghanistan was their only means of maintaining Pathan identity and traditions.

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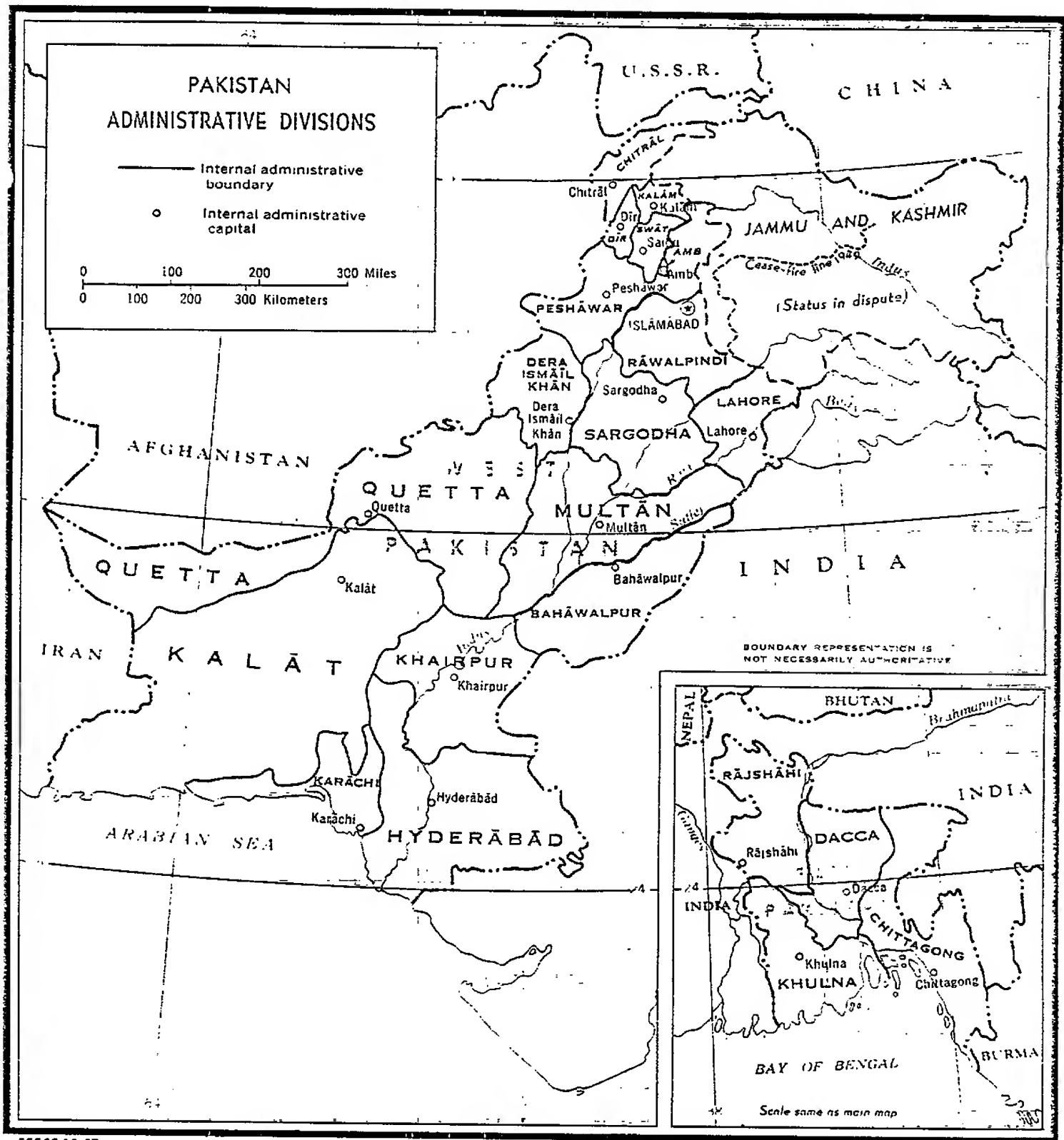
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PAKISTAN: THE POLITICS OF PATHAN IDENTITY

by
Joel M. Woldman

BACKGROUND

Pathans, Pashtuns, and Afghans

Prior to 1947 there was little distinction in subcontinental languages between the terms "Afghan" and "Pathan."* The two were so synonymous that the original acronymic explanation for the name Pakistan cited "Afghania" for the first "a," a reference to the Pathan-majority North-West Frontier Province (NWFP). The practice has continued to the present, so that Pathans are frequently referred to as "Afghans" in both India and Pakistan. There have even been instances in Afghanistan of non-Pashtun minorities referring to the ruling elite as "those Afghans."

Tribal Origins

The Pathans or Pashtuns are a collection of East Iranian tribal peoples inhabiting a mountainous area on either side of the hill ranges which separate Pakistan and Afghanistan. Although they all speak variants of a common language, Pashto or Pakhto, the average Pathan owes primary allegiance to his particular tribe and only secondarily sees himself as a Pathan. His nationality

*"Pathan," a Hindustani derivation of Pashtana, the Pashto language term by which members of the group refer to themselves, came into general usage in India in the 16th century during the early years of Mughal rule. "Afghan" was a term of obscure origin adopted by foreign chroniclers in the 11th century to refer to the same tribal group. For the purposes of this study the members of the group resident in Pakistan will be called "Pathans," and those in Afghanistan, "Pashtuns." In general, the Pakistani branch also called "Pakhtuns" speaks the more guttural northeastern dialect, Pakhto; the Afghans speak the softer southwestern Pashto version of the group's distinctive language.

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comes in a poor sixth or seventh, especially in comparatively more backward Afghanistan. Generally, however, the more educated a Pathan is, the more likely he is to acknowledge the authority of the government of the nation in which he lives.

Although homogeneous in race, religion, customs, and language, these tribes have never been united politically. They acknowledged a loose allegiance to Kabul during the 18th and much of the 19th centuries, but the Afghan authorities never attempted to administer any part of the mountainous tribal area beyond a few easily accessible valleys. As the British advanced their power toward the Pathan lands from the east, they pursued much the same policy.

Tribal Organization. The border tribes have a rudimentary form of self-government built around the tribal council (jirga). Although the tribal headman (malik) was traditionally primus inter pares, many maliks today wield considerable authority because of their intermediary relationships with Central Government representatives and the benefits which accrue from these ties. Pakhtunwali (the way of the Pathans) is the tribal and personal law of the community and governs both personal and intertribal relations. If a quarrel is not settled by the bullet, the tribe meets in open jirga and prescribes the settlement. The authority for enforcing these decisions is the tribal lashkar (war party).

Tribal stability is rooted in the family, and the head of the family is the absolute lawgiver. Often custom, rather than the Muslim canon or shariat, governs family relations. The Pakhtunwali imposes some moral restraints on lawlessness; its main elements are the obligation of asylum and intercession, hospitality, good conduct, and retaliation, with blood debts descending from father to son.

Although it is said that money, women, and land are the major causes of tribal feuds, the hill Pathans also have traditionally resisted outside control. An additional element contributing to the restlessness of the area has been the ambition of religious leaders (mullahs). The students and pledged disciples of the mullahs form a kind of standing army which can challenge the authority of malik and jirga, as well as that of the Central Government.

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The most notorious example was the Faqir of Ipi, who successively challenged both the British and Pakistani governments during his lifetime; his nephew, a Pathan extremist, continues the family tradition.

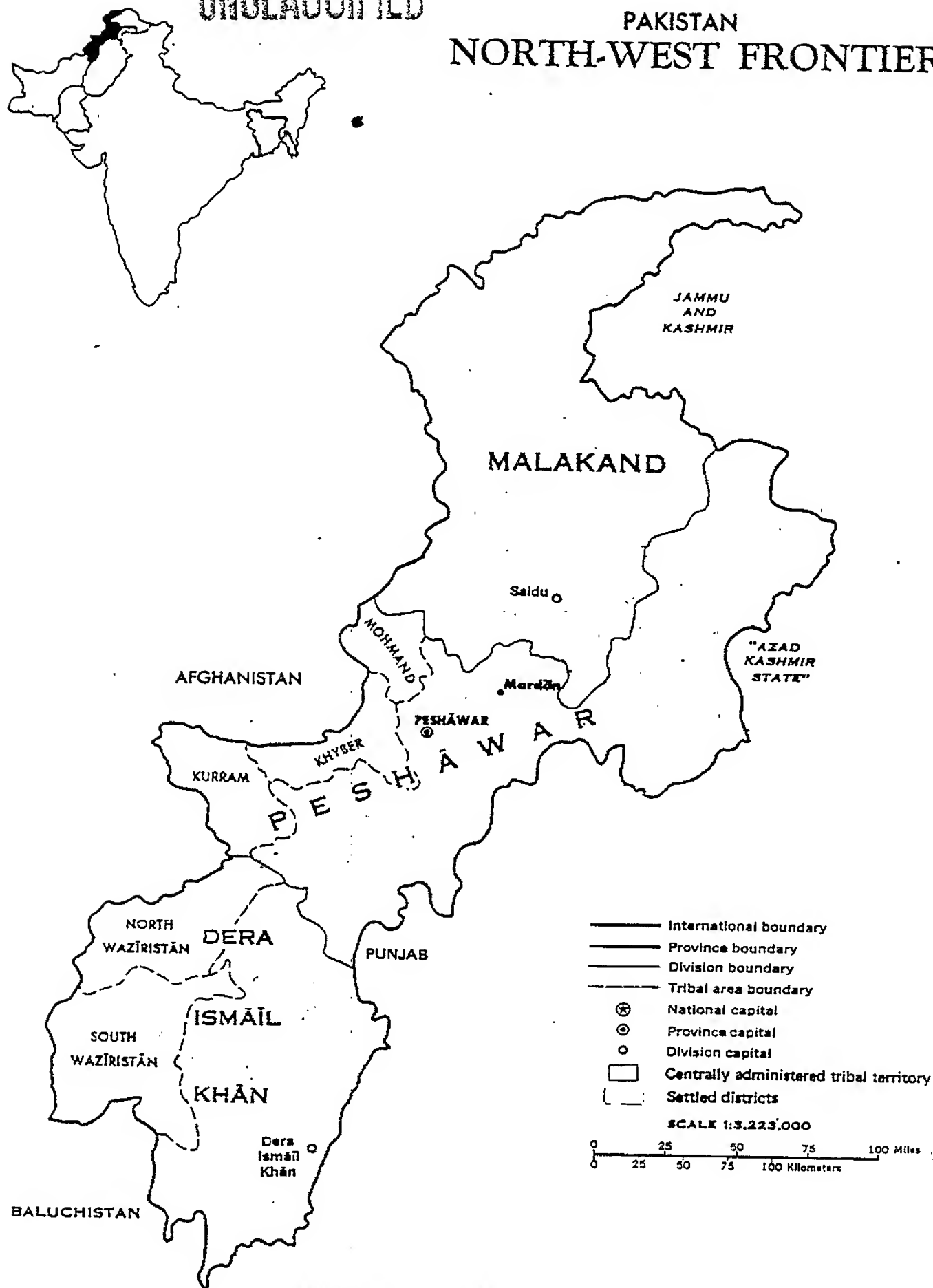
Those Pathans who reside in the "settled" districts of the NWFP have modified their tribal organization. (See map, p. 4.) Unlike their counterparts in the tribal agencies, they are subject to the laws of Pakistan. Jirgas have been eclipsed as judicial bodies by local courts; the way of the Pathans operates only to the extent that it does not conflict with Pakistani criminal law. The more remote the village, however, the more likely it is that even settled Pathans will revert to Pakhtunwali and customary law to settle disputes.

Tribal Areas and Settled Districts. In the fast territorial reshuffle which followed in the aftermath of the First Afghan (1838-42) and Second Sikh (1848-49) Wars, the British emerged with control of the frontier districts comprising the present NWFP. Those districts were annexed to the East India Company's Punjab Province, whose new northwest boundary ran along the foothills of the mountains which presently separate Pakistan and Afghanistan. At first the British made no attempt to advance into the highlands, or even to secure such major corridors as the Khyber Pass. It was at this time that the formal distinction between the "settled districts" and the "ghairilaga" (unadministered) tribal territory was first made.

The tribal belt remained a buffer zone, a no-man's land between British India and Afghanistan, until the establishment of the Durand Line border in 1893. Throughout that period the Amirs of Kabul claimed the nominal allegiance of the Pathan tribes. The British, however, used the first 20 years of their rule in the frontier to negotiate signed agreements with every "independent" tribe on the border. These agreements were approved by tribal jirgas and provided for the payment of regular allowances. In most cases the agreements were arranged through Pathan khans, or notables of lowland border villages who had traditionally been middlemen for the Afghans and Sikhs as well. These local power brokers were used until 1878, the end of the "close border" policy. Each British district officer tended to deal with the particular tribes on his border.

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legislative act or Supreme Court ruling will apply to these areas unless specifically ordered by the President.

Pathan life in the settled districts, the product of more than 100 years of central rule, is considerably different. The settled Pathans are politically, administratively, and economically better integrated into Pakistani society -- although even here one finds, for example, GOP reluctance to take the political risks involved in eliminating opium cultivation. Pathan nationalism has been the focal point for oppositionist politics in the NWFP, but the people of the Province have participated in local and National Assembly activities since legislative institutions were introduced in the subcontinent in the late 19th century.

Although the arrangement was not popular, the settled districts of the NWFP were ruled from Lahore between 1955 and 1970, the period of the "One Unit," when all four provinces of the west wing were incorporated into the single Province of West Pakistan. Pathan politicians have participated in provincial and national government and administration since Pakistan's independence, despite their dissatisfaction with their share of the benefits. Khan Abdul Wali Khan, a settled Pathan, is now leader of the opposition in the National Assembly.

Settled Pathans are also primarily agriculturalists, living in the more arable lowland districts, especially the Peshawar Valley and Mardan. Their existence contrasts markedly with the harshness of life in the hills, where a migratory seminomadic life based on sheep and goat herding predominates, although there is some farming as well. In addition, lowland Pathans are closer to achieving economic self-sufficiency, whereas the tribals derive more significant support from remittances sent to home villages by Pathan soldiers, policemen, and laborers throughout Pakistan.

Pathan Distinctiveness

Unlike the two largest ethnic components of present Pakistan, the Punjabis and the Sindhis, the Pathans are neither an Indo-Aryan people nor an integral part of the

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The distinction established by the British between the tribal areas and the settled districts of the NWFP has been maintained to the present day. The tribal belt between the western borders of the settled districts and the Pakistan-Afghanistan frontier has been divided into five tribal agencies loosely administered by the Central Government through political agents. The system of allowances continues, although certain tribes now derive more significant benefits from the government trucking licenses and busline permits which they operate in the border region.

On the shadier side of the ledger, good profits are also made in a flourishing smuggling trade, some of which operates with tacit government approval at such bazaar sites as Landi Kotal and Bara. The tribal areas are also the source of much of the illicit opium produced in Pakistan. Until recently the Government of Pakistan (GOP) has not assigned a very high priority to the eradication or control of this activity, both because it was considered only a minor problem and, especially, because of government reluctance to risk antagonizing the tribal Pathans.

The hill tribes have preferred to remain outside the mainstream of Pakistani life, free to pursue their traditional way of life.* Many critics of the tribal system -- notably the National Awami ("People's") Party of Wali Khan (NAP) -- have denounced it as "representation without taxation." They charge that the tribals should also be subject to Pakistani laws and regulations, since they are represented in the National Assembly and participate in the life of the nation in many other ways without paying the price of citizenship. Despite pressures to merge the tribal areas with the settled districts in both the NWFP and Baluchistan, the 1973 Pakistani Constitution follows precedent and specifies that the federally administered tribal areas will remain under central executive authority. In addition, no

*According to Pakistan's 1971 census, there are approximately 2.5 million Pathans in the tribal areas and 6 million in the settled districts of the NWFP. In addition, it is estimated that there are .7 million in Baluchistan, 1 million in Sind, and 1.5 million in Punjab -- or a countrywide total of 11-12 million.

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Soon after his release from prison in 1924, Ghaffar Khan inaugurated the first Pakhto-language political monthly, Pakhtun. Within 5 years, in 1929, he decided to launch an even more ambitious undertaking, a group which he called the Khudai Khidmatgars, or "Servants of God." Ostensibly organized to "remove social drawbacks" from the backward Pathan community, the Khudai Khidmatgars, or "Red Shirts" as they soon began to be called, shortly emerged as the NWFP affiliate of Gandhi's Indian National Congress. Although Ghaffar Khan has always denied any political significance to the adoption of the red uniforms which gave the group its name, the group did appeal to the Pathan agricultural laboring class. Despite their military command structure, the Red Shirts also asserted their devotion to the Gandhian principles of nonviolence.

The Red Shirts' organizational structure mirrored that of the Congress in the other provinces of British India, beginning at the village level and leading up through the village cluster, subdivisional, and district committees to the provincial committee. Like the Congress, they established almost a parallel government in the rural areas of the NWFP. Because of their active participation in Gandhi's civil disobedience movement, Ghaffar Khan, his brother Dr. Khan Sahib, and other Red Shirt activists were arrested several times and thus spent much of the thirties in prison.

In April 1930 there was serious rioting in Peshawar, and the army had to assume control. The Afridi tribesmen in the nonadministered area were told by nationalist politicians that this unrest signaled the beginning of the end of British rule. They attacked Peshawar in late summer, expecting to be welcomed by the local populace. Instead they were quickly repulsed by British troops who used air as well as ground forces to repel the attack. This was, however, the first time in more than 70 years of British rule that the NWFP frontier capital had been physically attacked. There was also armed conflict between the Indian Army and tribal forces in Tirah and the Mohmand Tribal Agency. The Faqir of Ipi also launched his anti-British activities in Waziristan during this period.

Unsettled conditions prevailed in the tribal hinterland throughout the thirties, encouraged by Red Shirt propaganda against British rule and apprehension raised

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traditional, greater Indian culture area. Their language, Pashto/Pakhto, is East Iranian in origin, although strongly influenced by Indic dialects. The NWFP is in many ways a transitional zone between peoples and cultures. Anyone who has driven from the Pakistani Punjab and crossed the Indus River at Attock Bridge to the NWFP immediately notices the different appearance and dress of the people and their pattern of settlement. The Indus is thus in many ways a border between the Indian and Iranian culture areas. Pathan villages on either side of the Pakistan-Afghanistan border are far more alike than many sites which face each other on opposite sides of the Indus.

By the same token, the Pathans and the Baluch have more in common with each other than with the Punjabis and Sindhis. Baluchi, like Pashto, is an Iranian language descended from the same Saka-Kushan origins. This linguistic kinship, as well as the fact that the Baluch tribes, like the Pathans, were bifurcated when the border was drawn in 1893, has contributed to later Afghan irredentist claims on Pakistani territory.

THE POLITICS OF PATHAN IDENTITY

The Red Shirts vs. the British (1929-47)

Khan Abdul Ghaffar Khan. Abdul Ghaffar Khan, the son of a prosperous Pathan landlord at Utmanzai near Peshawar, born in 1890, became an anti-British political activist in 1914. The young Ghaffar Khan, a onetime student at Aligarh University, a nationalist Muslim breeding ground, early set for himself the goal of educating his backward and illiterate people and building among them a sense of national pride and familiarity with their language, culture, and history. Like many Indian nationalists, he saw the end of British rule as the only chance for his people to improve their lot socially and economically. Since direct political action was impossible, Ghaffar Khan chose a more oblique approach common to other nationalists of the period, and promoted social and educational reform. His attempts to open "independent" nongovernment schools in both the settled districts and the tribal areas in 1921 resulted in his arrest and a 3-year jail sentence.

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successfully applied to induce the British to open their clubs to Indian membership.

In 1937 Congress President Jawaharlal Nehru toured the NWFP for the first time, speaking widely and universally praising the Red Shirts and Ghaffar Khan, who by that time had earned the epithet "the Frontier Gandhi." Both Nehru and Mahatma Gandhi visited the NWFP the following year and were accorded warm welcomes by Pathan audiences. British observers could only interpret the unlikely spectacle of virile and bloodthirsty mountain men lauding the half-naked little Hindu apostle of nonviolence as evidence that the Pathans planned to use the Congress as a vehicle to end British rule.

The Congress/Red Shirt attitude toward British tribal area policy was colored by a simplistic Gandhian approach. This view held that the tribal Pathans were restless and bellicose because British imperialism respected neither their homeland nor tradition; its forward policy of "peaceful penetration" was a threat and affront to their honor. Once the Congress had achieved self-government, the tribes would join with their Hindu and non-Pathan Muslim brothers to build a new India. Scores of schools, dispensaries, and cottage industries training centers would be built, and the tribal Pathan would rapidly integrate himself into the new polity and society.

With Britain's entry into World War II, however, the Congress governments in eight Indian provinces resigned in protest at not having been consulted prior to the proclamation of war. During the civil disobedience campaign which followed, all senior Congress leaders, including the two Khan brothers, were arrested and sentenced to prison. At the same time, the movement for Pakistan began to gain momentum among many of the Muslims of India while the Congress and the Muslim League bargained with the British over the future of their country.

Red Shirt Victory in NWFP Election (1946). The next upsurge of political activity in the NWFP coincided with the last months of World War II. Ghaffar Khan and the other Khudai Khidmatgar workers imprisoned during the war were released in March 1945, and a Congress Red Shirt ministry led by Dr. Khan Sahib regained control of the government.

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by the British policy of "peaceful penetration." This policy aimed at diminishing the inaccessibility of the more forbidding border areas, such as the strongholds of the Mahsuds, Wazirs, Afridi, and Mohmands, through roadbuilding and army recruitment, sweetened with promises of noninterference in internal tribal affairs.

There was close cooperation between the Red Shirts and anti-British elements among Mohmand Pathans on both sides of the Durand Line. In 1932 Ghaffar Khan himself addressed Mohmand tribal jirgas in Afghanistan, and a Khudai Khidmatgar "chapter" was formed. Afghan Mohmands participated in a September 1935 action against British forces in the upper Mohmand Agency, but the result was a standoff.

Red Shirt/Congress Ministry in NWFP (1937). In 1934 both Khan brothers were externd by the British Indian Government from the NWFP and Punjab. Ghaffar Khan spent his occasional months out of prison with Gandhi at his headquarters in Wardha, Central India. Nevertheless, when the results of the first provincial elections under the 1935 Government of India Act were in, the Congress/Red Shirt candidates had won 15 of the 36 reserved Muslim seats and held a cumulative total of 19 out of a possible 50. Once the Congress had decided to take provincial office wherever possible, they were able to form a ministry in 1937 with Hindu and Sikh support, and Dr. Khan Sahib became the first Prime Minister of the NWFP.

The 1935 Act, a more democratic constitution than India had thus far been granted, gave a new degree of self-government and autonomy to the 11 provinces of British India. The prospect of a Congress ministry in the NWFP was viewed with some misgivings by the British authorities, who had long sought to slow the spread of representative government to the strategically located Province. Ghaffar Khan and his followers were considered "wild fanatics" who had now been given a free hand to destroy the framework of law and order in the NWFP. Many institutions created by the British to reward and strengthen the local aristocracy, such as the honorary magistracy, hereditary stipends, and village headmanships, were abolished by the Congress ministry. In addition, indirect pressures were

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By late August 1945 the British had decided to schedule elections to the Central and Provincial Assemblies in order to better gauge Indian opinion on the question of Pakistan. The Muslim League won a majority of the seats reserved for Muslims in India's new Central Assembly, but the provincial results were not so conclusive. Nowhere was this more readily apparent than in the Muslim-majority (94 percent) NWFP. When the votes in the February 1946 Provincial Assembly election were tallied, the Congress/Red Shirts had won more Muslim seats than the League and again were able to form a ministry under Dr. Khan Sahib.

Toward the end of 1946, however, the situation in the NWFP began to change. Against the opposition of the British governor, Sir Olaf Caroe, and the central authorities who tended to favor the less radical Muslim League, Jawaharlal Nehru insisted on paying a visit to the NWFP and the tribal areas. Nehru, as member for external affairs in the interim Indian Government, was responsible for relations with the Pathan tribes in the unadministered area. The tour began inauspiciously with a large and hostile Muslim League demonstration at the Peshawar Airport. Nehru was given a decidedly unfriendly reception by tribal jirgas in Waziristan. The Afridis refused to meet him at all, and in the Khyber Pass and in Malakand he and his party were stoned and slightly injured. Nehru's only friendly welcome in the Province was at Ghaffar Khan's home village of Utmanzai near Peshawar.

Both Nehru and Ghaffar Khan charged the British governor and the political service* with fomenting opposition to his tour and with favoring the Muslim League over the more radical Congress.

There are those who have alleged -- with some hindsight -- that Nehru's insistence on what turned out to be a confrontation with the tribal maliks helped to turn the tide of popular opinion against the Congress in the NWFP and thereby facilitated the creation of Pakistan. Had the abrasive Kashmiri

* The Indian Political Service was the Viceroy's diplomatic corps. It served in the Indian princely states, the tribal areas along the northwest frontier and Baluchistan, in the Persian Gulf, and in diplomatic and consular posts on the perimeter of the British Indian Empire. By the mid-forties, there were several Indian "politicals," some of them posted in the unadministered tribal areas.

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Brahmin not reminded the Pathan elders with his very presence that the Congress was Hindu-dominated, they might have continued their support for Ghaffar Khan's Khudai Khidmatgars rather than accepting Pakistan in 1947. In addition, it is possible that Muslim League President Jinnah might not have pushed so strongly for partition had the NWFP not appeared to reverse itself and support his party over the Red Shirts. West Pakistan without the NWFP would have been far less viable and secure.

Even as the probability of a partition became more certain, Gandhi and Ghaffar Khan alone in the Congress leadership continued to oppose it. Because of broadly conflicting reports from British as well as Indian officials, Viceroy Lord Mountbatten decided to visit the NWFP himself in late April to take the political pulse of the people. A Muslim League deputation assured Mountbatten that, contrary to Congress assertions, they were indeed united under the leadership of Jinnah. The Congress-led provincial ministry, led by Ghaffar's brother Khan Sahib, vehemently opposed the Viceroy's suggestion that a new referendum be held to ascertain whether the people preferred India or Pakistan. The Muslim Leaguers, predictably, demanded it and also urged Mountbatten to dismiss the allegedly partisan Khan Sahib ministry and institute governor's rule immediately.

During his short stay in the NWFP, Mountbatten met Pathan tribal leaders both at Landi Kotal in the Khyber Pass and in Peshawar. They demanded the return of the Khyber and their tribal areas and swore that they would not accept Hindu domination. Rather than submit to the Hindus, they alleged that they would prefer to come to terms with Afghanistan. The Mahsuds and Wazirs voiced strong support for Pakistan and asked the Viceroy to dismiss the Congress ministry in Peshawar.

The communal situation in the NWFP grew ever more heated as the hot weather of 1947 wore on. Mountbatten decided to replace Sir Olaf Caroe as governor of the NWFP well in advance of the transfer of power, "in view of the incessant [Congress] allegations" of his pro-Muslim League bias. The Viceroy, however, took pains to assure Caroe of his high regard, suggesting that he go on leave until August 15, the date of the transfer. He would be replaced for the remaining days of British rule by Lieutenant General Sir Rob Lockhart,

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they had not voted, a comparison with the previous year's Provincial Assembly election reveals a dramatic shift in favor of the Muslim League and Pakistan. With the inauguration of Pakistan on August 14, 1947, the NWFP and the adjacent tribal areas up to the Durand Line became part of the new Muslim-majority dominion of Pakistan.

Afghanistan Denies Validity of Previous Pacts with UK (1947)

The Durand Line Controversy. The demarcation of a fixed boundary between Afghanistan and British India was a direct result of British concern that Tsarist Russia would try to continue its drive through Central Asia toward the Arabian Sea unless some kind of barrier were set. Through mutual agreement with the Russians, Afghanistan was confirmed as a buffer state under British tutelage in 1881. Once its northern and eastern frontiers were demarcated in consultation with the Russians, only the boundary with British India remained to be fixed.

a. The Durand Agreement (1893). The line was negotiated in Kabul in 1893 with the Afghan authorities by the Foreign Secretary of British India, Sir Mortimer Durand, and has been known by his name ever since. Through that agreement, not only was the boundary between the tribal belt and Afghanistan clearly defined, but also the Afghan Amir's authority was specifically excluded from the tribal territory across the frontier and a line was demarcated beyond which neither side would "exercise interference."* In addition, all the important passes were included on the British side.

* The British also had been concerned with what they considered to be growing Afghan encroachments on tribal territory within the British sphere of influence.

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thus assuring military control of the NWFP referendum which would decide the Province's future affiliation with either India or Pakistan.

In May, Ghaffar Khan's son Ghani founded the Zalme Pakhtun (Pathan Youth), an avowedly militant defense group of "volunteers" pledged to counter anti-Red Shirt Muslim League activities. Ghaffar Khan, pledging his continuing dedication to nonviolence, publicly denied any links between the Zalme and the Red Shirts. Nevertheless, the Zalme became a regular participant in Congress/Red Shirt programs in the NWFP.

Ghaffar Khan Demands "Pakhtunistan" Option. Ghaffar Khan vehemently opposed the British decision to hold a NWFP referendum to determine whether the people preferred union with India or Pakistan. He asserted that the issue had already been settled in the 1946 Provincial Assembly election; which had been fought on the India vs. Pakistan question, and that if any referendum were to be held, it should offer a choice between Pakistan and "Pakhtunistan." * With the exception of Gandhi, however, the Congress high command reluctantly favored holding the referendum, since they had come to the conclusion that only a decisive Red Shirt electoral victory offered any hope for Indian retention of the NWFP. There were also growing doubts about Ghaffar Khan's hold over the people in the face of Muslim League propaganda threatening "Hindu Raj" once the British departed. Lurid stories of communal rioting in other parts of India were reaching the NWFP. In addition, a series of ugly communal incidents occurred in connection with the League's civil disobedience movement in the NWFP aimed at forcing the Red Shirt ministry to resign.

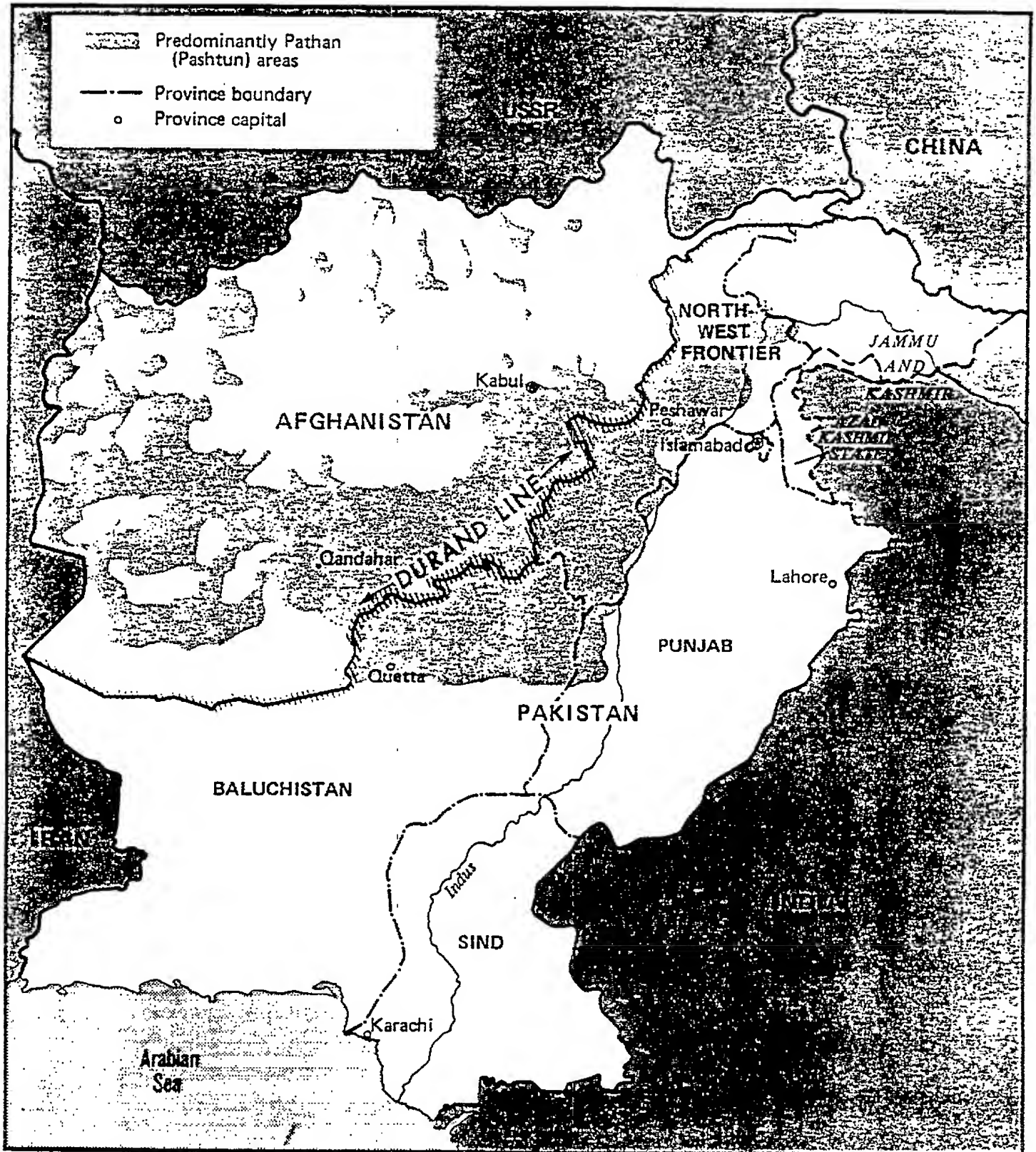
In the end the Red Shirts decided to boycott the referendum held July 6-17, 1947, because it did not offer the alternative of "a free Pathan state." The final tally revealed 289,244 votes for Pakistan and 2,874 for India. Despite the boycott, just over 50 percent of the eligible electorate had opted for Pakistan. Since the tribal areas were not part of the NWFP, no poll was held there; tribal jirgas were consulted later in the year. Although the Red Shirts charged that the results were inconclusive because

* As early as 1932, a "very high" British official was quoted by Bertrand Russell as alleging that Ghaffar Khan's true objective was not Indian self-government, but the creation of a Pathanistan, or Pathan state.

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At the same time the British wanted to guarantee the peace of the Afghan border and yet refrain from exercising direct control over the tribes. That policy received a severe jolt when the new Amir Amanullah (1919-29), believing that India -- especially the NWFP -- was ripe for revolution against the British, decided to launch an attack. He declared jihad (holy war) against the "infidels" in May 1919. This third and final Anglo-Afghan War lasted exactly 1 month. Afghan troops occupied positions on the Indian side of the Durand Line inside the Khyber Pass, but were never a really serious challenge even to the war-weary British. The only Afghan success was an advance in the Kurram Valley led by Commander in Chief General Nadir Khan. British control over Waziristan disintegrated when the tribal militia mutinied. The action spilled over into British Baluchistan when Fort Sandeman was attacked.

The war was of limited duration, but its repercussions in the tribal belt were felt for some time afterward. Although the Afghans reaffirmed their acceptance of the Durand Line in the 1919 Treaty of Rawalpindi, which ended the war, they continued to foment unrest on the Indian side. Later in the same year General Nadir Khan summoned tribesmen from the Indian side of the line to Jalalabad, telling them to prepare for war. The British reacted to this provocative activity with an armed movement into Waziristan in late 1919 and early 1920. A modified forward policy was then announced, emphasizing "peaceful penetration" of the tribal areas and gradual extension of control over the tribes through the improvement of communications, especially the construction of roads into the hitherto inaccessible interior. Such a policy, to be successful, however, required similar activity on the Afghan side of the Durand Line.

The 1921 treaty governing the establishment of diplomatic relations between the newly independent Afghan state and Great Britain provided for prior consultation on major military operations in tribal territory close to either side of the line. In an attachment to the treaty, the British also acknowledged Afghan "interest" in the conditions of the frontier tribes. Thus was established the unfortunate precedent for future Afghan claims to speak for all the Pathan tribes on both sides of the border.

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The British, in effect, confirmed to the Amir -- and the rest of the world -- that although they would not directly administer the Pathan tribal areas on their side of the line, they also would not take it kindly if any other power tried to "nonadminister" the area between the border of British India and the Afghan frontier.* Thus the destiny of the Pathan tribes on the "non-Afghan" side of the frontier was decided for them in favor of, first, the British, and after 1947, Pakistan. Or so it seemed, for the line effectively bifurcated the tribal area, leaving more than half of the "Afghans/Pathans" on the British side.

b. The Anglo-Afghan Treaties of 1905, 1919, and 1921. Prior to the Durand agreement, Afghan Amir Abdur Rahman (1880-1901) had meddled regularly in the eastern tribal zone among the Wazirs, Kurram Turis, Afridis, and Mohmands. They revered him as their spiritual leader, and he used this authority to extend his influence ever closer to the unadministered -- and as yet undefined -- border of India.

Even after the Durand Line had been established, neither Abdur Rahman nor his successor, Habibullah (1901-19), really respected the noninterference clause of the agreement, which they interpreted for their own purposes to restrict only armed interference.** Both sent Afghan emissaries across the frontier to maintain their own influence with the "independent" tribes and brought tribal jirgas to Kabul as state guests. The tribes, in turn, were receiving allowances from both the British and the Afghans as a hedge against armed insurgency.

* The Durand Agreement of November 12, 1893, specifically referred to the line as the frontier of the Amir's dominions "from Wakhan to the Persian Border" and not as the boundary of India. Nevertheless, the effect in terms of international law was the same, since the Amir had renounced sovereignty beyond the Durand Line.

** Habibullah had reaffirmed his acceptance of the terms of the Durand Agreement when he signed the Anglo-Afghan Pact of 1905.

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return Afghanistan to his family's rule. Although Nadir Khan was received courteously by the British on his arrival in Bombay, he was not given any material support in the organization of his campaign. His efforts to mobilize Afridi and Orakzai Pathans in the tribal areas were, in fact, discouraged by the Government of India, which actually prevented Tirah tribals from crossing the border into Afghanistan.

Taking advantage of his previous experience of tribal leadership during the Third Afghan War, he then turned to the Mahsuds and Wazirs, some of whom also had land on the Afghan side and who had been encouraged in hostility to the British by Amanullah. Nadir Khan successfully enlisted their support, including a tribal lashkar (war party) from Waziristan on the British side. It was this lashkar which led the drive on Kabul and regained the country for the general. Its reward was license to loot much of Kabul before returning home across the Durand Line. Nadir Khan's recompense was the Afghan crown, which he assumed as King Nadir Shah. His capture of Kabul was reputedly celebrated by Pathans in the NWFP no less than in Afghanistan.

Indian tribal Pathans continued to cross the Durand Line at will throughout the thirties. In 1933 a strong lashkar of Mahsuds and Wazirs -- the same two tribes which had turned the tide for Nadir Khan in 1929 -- invaded Afghanistan and seized Matun, the capital of Khost Province some 25 miles across the Afghan side of the frontier. The British attempt to cordon off the movement with troops was unsuccessful, and they were forced to resort to air raids on the home villages of the war party to halt the action. The lashkar was also repulsed by Afghan forces.

Mahsuds and some Wazirs were mobilized in 1938 to march across the border and regain Kabul for the deposed Amir Amanullah. The catalytic agent was a young Syrian religious leader, the Shami Pir, who may have been sent to the region by the Germans with the objective of generating sufficient instability in Afghanistan and the NWFP to force the British to maintain strong forces there. The lashkar that he organized set off for the border in mid-June, but was dispersed by the RAF and the Afghan Army

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The Afghans and the Indian Pathans (1920-39).

Although Afghanistan's extracurricular activities among Pathan tribals on the other side of the Durand Line were viewed with alarm and denounced as meddling by the British, Kabul's motivation should also be taken into account. From Amanullah's vantage point, the "modified forward policy," like the forward policy per se, posed a potential threat to the stability of his government. The British movement up the valleys toward Afghanistan, in territory which the Afghans had never considered to be part of India, was considered provocative. The only response Amanullah could offer was to continue regular payments to anti-British tribesmen on the Indian side and maintain a kind of militia in Waziristan. Following more conventional diplomatic practice, Amanullah also protested the British policy through his own press and his minister in London.*

Ghaffar Khan's nationalist activities in India on behalf of the Pathan cause had a cross-fertilization effect in Afghanistan as well. His political journal Pakhtun was widely circulated among Afghan Pashtuns. In addition, he recorded a conversation with Amanullah during his brief stay in Kabul in 1920, in the course of which he urged the Amir, as well as other Afghan officials and students, to learn the "national language" (Pashto). Whenever he met with tribal jirgas, Amanullah affected Pathan dress and addressed them in memorized Pashto. The "Pashtunization" process was not to receive major attention in Afghanistan, however, until the mid-thirties, and the lingua franca of educated Afghans -- then, as now -- continued to be the distinctive national variant of Persian, Dari.

In 1928 Amanullah was overthrown in Afghanistan by a Tajik bandit who then proclaimed himself Amir. Amanullah's cousin, former Commander in Chief and subsequent Minister to Paris Nadir Khan, took this development as a signal to end his self-exile in the south of France and attempt to

* In 1927, for example, the Afghan Minister sent a note to the Foreign Office alleging that one aspect of forward policy tactics was to rouse the Afghan tribes against the Amir's government.

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before it could do much damage. The Shami Pir was persuaded to meet the British frontier authorities and to accept a large bribe as his price for leaving India.

The Afghan Government did not assist the Mohmands and the Wazirs in their military operations against the British during the mid-thirties, reflecting the policy of the new King Nadir Shah (1929-33) and his son, Zahir Shah (1933-73), of maintaining as positive relations as possible with the British. This pattern began to change in 1937, however, as the Afghans became aware of the growing strength in India of the Muslim League and the potential threat to Afghan irredentist aspirations embodied in the Pakistan concept. Thereafter, the Afghan Government returned to the provocative policy of Amanullah and began supporting Ghaffar Khan, after an interregnum of 7 years of official disapproval. This Afghan support was a contributing factor in the Red Shirts' ability to rally popular Pathan support for their Congress-linked party as late as the mid-forties when the League vision of Pakistan had captured the Muslim imagination in most other parts of British India.

Afghan Reaction to the 1947 Partition of India.

Afghanistan had adopted an attitude of strict neutrality during the Second World War. In diplomatic discussions with the British early in the war, however, the Afghans raised the issue of their national interests in the event of postwar Indian independence. The British did not respond to Kabul's request either for the return of the territory up to the Indus River or for an assurance that full autonomy would be granted to the region. In subsequent discussions the Afghans placed on record their view that Afghan-British agreements relating to the NWFP would lapse should India become a dominion or otherwise achieve independence.

The Afghan press was quick to react to Ghaffar Khan's 1947 demand for a referendum which offered a possible Pakhtunistan option. Commentators emphasized the need for revising existing border agreements and changing the "temporary" dividing lines which had separated the two "halves of the Afghan nation." Within 10 days of the June 3, 1947, announcement of the imminent transfer of power and partition of the subcontinent, the Afghans sent a note to both the British and Indian Governments, saying that the inhabitants of the region between the Durand Line and the Indus River were Afghans and must decide for themselves

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whether to join Afghanistan, Pakistan, or India, or declare their independence.

The British replied on July 3 that they considered the Treaty of 1921, in which both states recognized the boundary, to be binding. They asked Afghanistan to abstain from any act of intervention on the northwest frontier at the time of transfer of power to the Government of India. This prompted a second note from the Afghans reiterating their views on the future of the Pathans.

King Zahir Shah, in his address to the Afghan legislative body in August 1947, had declared that Afghanistan was firmly committed to a policy of "assisting the Pashtuns to the east of the Durand Line," and that they "should be recognized as a separate entity and the deciding of their future should be unconditionally entrusted to themselves." This stand was emphasized for a wider audience in September when Afghanistan became the only member of the United Nations to vote against Pakistan's admission, on the grounds that the Pathans had not had a fair plebiscite. In November an Afghan representative, Prince Najibullah Khan, discussed with Pakistani leaders his government's contention that all former treaties with the British, especially those governing the Durand frontier, had been signed under duress and were hence null and void. Although he received a courteous hearing, his proposals were firmly rejected.

Persistent Afghan Demand for "Pashtunistan." Ever since 1948 Afghanistan has maintained that the Pathans and -- subsequently -- the Baluch of Pakistan are "trans-Durand Afghans." Referring to the NWFP and Baluchistan, respectively, as "Occupied Northern and Southern Pashtunistan," the Kabul authorities have never given up their claim that the Durand Line is no longer a valid international boundary and that the tribal people of Pakistan should be permitted to determine freely their own future.

Confrontation over the issue of Pashtunistan reached its height during the first prime ministership of Mohammad Daud (1953-63). Daud, a member of the Afghan ruling family, and himself a Pashtun, twice brought economic chaos to his country when Pakistan retaliated against his policies by halting the transit shipment of essential imports. The second incident led to Daud's downfall in 1963.

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Successive Afghan governments improved relations with Pakistan, but did not waiver in their demands for Pathan and Baluch self-determination and for a revision of the Durand Line boundary. Although the policy of direct confrontation did not again surface until the July 1973 coup which restored Daud to power, Afghanistan continued to maintain close ties with Pathan extremist elements in the Pakistani tribal areas.

Pathan Nationalist Politics in Pakistan (1947-73)

Legitimate Discontent: The Pathan Case

a. Economic. Historically, the meager resources of the Pathans' homeland were little exploited as long as the Pathans could extract tolls from outside powers that wanted safe passage through their territory. With the great changes of modern times, however, the Pathans can no longer live off their environment.

More than 80 percent of the population is directly dependent on agriculture, yet only 36 percent of the land is cultivable. With the exception of the fertile Peshawar Valley and parts of Mardan district, lack of proper irrigation facilities has hampered the expansion of agricultural production.

Rapid population growth and an increasing population density are fast reaching a critical stage. There is a growing dependency on food imports from other parts of the country, and there are signs of an increasing government reliance on providing subsidized commodities and services in an effort to prevent living standards from declining further.* Yet many Punjabi and Sindhi West Pakistan provincial and GOP officials responsible for the NWFP were genuinely ignorant of conditions there, and did little to bridge the information gap during the One Unit years.

The absorption of the NWFP into the Province of West Pakistan in 1955 was bitterly resented by most Pathans. There

* Items subsidized include pesticides, fertilizers, seeds, tractor and bulldozer services, tubewell construction, and irrigation water.

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was widespread feeling that the Lahore government was not responsive to their needs, and that this accounted in large part for the unsatisfactory rate of progress in the frontier region, which, like Baluchistan, has far lower per capita incomes than Punjab or Sind. Industrial growth tended to concentrate around the large urban centers of Karachi and Lahore, as well as the smaller Punjabi cities of Multan and Lyallpur.

The promotion of the industrial development in the NWFP had been one of the objectives of the "Frontier NAP" (the usual designation of the NAP branch in that province). While some pressure could be exerted on the Central Government to support such development projects as hydroelectric schemes and irrigation canals, private investors had to be assured of sufficient guarantees before they would risk their capital. The volatile nature of provincial politics has undoubtedly also discouraged some potential investors from considering the NWFP as a possible site.

Economic discontent looms large in the Pathan consciousness. While it is legitimate, early solutions are unlikely, given the magnitude of the problem and the scarcity of financial and natural resources. The broader issue of political malaise, which has been fueled by economic disparities and underdevelopment, offers even less prospect of resolution.

b. Political. Pathan nationalists, beginning with Ghaffar Khan and the Red Shirts, inherited a political inferiority complex and sense of being discriminated against from the experience of British rule. When other provinces of British India were benefiting from the gradual development of representative government, the NWFP was considered too sensitive and backward to share in the process. Although the Pathans had caught up with the rest of the country by the time of independence, the underdog mentality had been ingrained in their consciousness.

This mentality, combined with fierce independence and deep-seated parochialism, prepared the Pathan well for the role of permanent oppositionist in an independent Pakistan, the very existence of which he had not really supported until the last months of British rule. The new Pakistani authorities, in turn, had inherited from their British predecessors a strong suspicion of Pathan motives. They considered the Red Shirts and the NAP to be Socialists, friends of India, and congenital foes of the movement which had created Pakistan. At the same time, the old assumptions that the NWFP was the

last line of defense against possible Soviet movement toward the warm water have predisposed Pakistan's leadership against any indication of Pathan assertiveness.

Thus, a combination of circumstances growing out of the poverty, backwardness, natural isolationism, and supposed strategic importance of the NWFP served to perpetuate the problems of the area and its difficult relationship with the central authority. The equation which governs the operation of Pakistani politics in the post-Bangladesh era is still heavily influenced by the heritage of the past 50-odd years of Pathan political consciousness.

Political Struggle (1947-70)

a. Red Shirts Eclipsed by Muslim League. Within a week of the August 1947 partition, the NWFP Governor, Sir George Cunningham, dismissed Dr. Khan Sahib's Congress/Red Shirt ministry and replaced it with a Muslim League government led by Khan Abdul Qaiyum Khan, a non-Pathan who had switched his allegiance from the Congress only 2 years earlier. Bowing to political realities, a province-wide meeting of the Red Shirts and associated organizations declared their allegiance to Pakistan in September. At this conference Ghaffar Khan redefined Pakhtunistan as "a unit within Pakistan" consisting of the settled districts and all contiguous Pathan-areas wishing to join the new state. He made it clear, however, that the "state" to which he referred was Pakhtunistan itself and that it would enter into defense, external affairs, and communications agreements with Pakistan.

Between the August partition and the end of November, Pakistan changed the official designation of the "tribal areas" to "frontier regions" and completed a series of agreements with the tribal maliks. Pakistani officials met with each tribal jirga and declared their intention to protect the tribe and respect its autonomy. The jirga then responded with an expression of loyalty. These declarations were accompanied with Pakistani undertakings to continue the British practice of paying subsidies to loyal maliks.

As an expression of good faith, the GOP abandoned the "forward policy" pursued by the British in Waziristan since the tribal uprisings that followed the end of the Third Afghan War in 1919. Pakistani troops were withdrawn in December, and publicity was given to Governor General Jinnah's assurances to the Wazirs that the unpopular military control of their

tribal agency was being disbanded to eliminate all suspicions among brother Muslims. This policy, also prompted by Pakistan's inability to bear the cost of a forward policy and its need to match the Indian Army in Kashmir, contributed to a significant reduction in frontier tensions and made Pakistan's authority even more agreeable to the tribal Pathans.

Tribal support for Pakistan had also been bolstered by the new government's tacit approval -- and some observers believe, encouragement -- of Pathan lashkars entering the state of Kashmir in a jihad against the infidels. Thousands of tribal Pathans from both the Pakistan and Afghanistan sides of the Durand Line looted and massacred their way up the Jhelum River valley toward Srinagar in October 1947 until they were repulsed by Indian Army troops.

At the Constituent Assembly session in Karachi in February 1948, Ghaffar Khan swore an oath of allegiance to Pakistan, but continued to speak ambiguously of Pakhtunistan. Refusing Jinnah's invitation to merge the Khudai Khidmatgars with the Muslim League, Ghaffar Khan instead announced that he would extend the Red Shirt movement throughout Pakistan as a "volunteer" force for the newly formed Pakistan People's Party.* Among the stated objectives of this new party were the stabilization of Pakistan as a "Union of Socialist Republics" and "full and unimpaired autonomy for all." At the same time, Ghaffar Khan denounced Jinnah's Muslim League government as a British puppet and urged the Pathans not to rest content until they had established Pakhtunistan, which he now defined as "rule of, by, and for the Pakhtuns."

Ghaffar Khan, his son Wali, and other Khudai Khidmatgar leaders were arrested June 15, 1948, and charged with sedition. Ghaffar was also accused of planning "collaboration" with the Faqir of Ipi and was sentenced to 3 years' rigorous imprisonment. Although an elected member of the Constituent Assembly, Ghaffar Khan was kept in jail until early 1954. Within 3 months of his arrest the Red Shirts were declared an unlawful organization. Apparently, the independent GOP now considered him as much a threat to internal security as had its British predecessor.

When Ghaffar Khan was finally released from detention at the beginning of 1954, he was enjoined against entering the NWFP. This order, however, was lifted in mid-1955. During his first tour of the NWFP, Ghaffar Khan denounced the GOP's

* A collection of regionalist political groups not to be confused with Zulfikar Ali Bhutto's party of the same name formed in 1967.

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imminent intention to abolish provincial divisions within the west wing and merge them all into one unit -- the new Province of West Pakistan. He realized that the Red Shirts would be politically emasculated under the new arrangement, which would automatically favor larger parties with a wider appeal.

b. Red Shirts Join Regionalist Opposition To Form NAP. In July 1957, after more than 2 years of fruitless anti-One Unit agitation throughout the country, Ghaffar Khan joined with several other regionalist and/or leftist politicians in Dacca, East Pakistan, to form the National Awami Party (NAP).

The West Pakistan NAP comprised six smaller groups which had united under the leadership of Ghaffar Khan in December 1956 to form the Pakistan National Party.* This group joined forces with the veteran East Pakistani opposition politician, Maulana Abdul Hamid Khan Bhashani, and his associates to work for complete provincial autonomy, the end of One Unit, and an independent, nonaligned foreign policy.

While they also aimed at parity between the two wings, the most important aspect of the party program for Ghaffar Khan and the Red Shirts -- which, in effect, became the NWFP branch of the NAP -- was the "restoration" of autonomous provinces in West Pakistan "on the basis of cultural and linguistic homogeneity and geographical contiguity."** In addition, they proposed the merger of the tribal areas and agencies as integral parts of contiguous provinces and the integration of "nomadic, semi-nomadic, and tribal peoples" into "larger settlements so that better civic amenities can be provided to them."

The formation of the NAP coincided with -- and was a typical expression of -- the endemic political fragmentation

* The west wing provincial NAP also included the Quetta Division's proponent of Pakhtunistan, Abdus Samad Khan Achakzai, and his Wrore Pashtun party; and the Baluch nationalist group Ustaman Gul, led by Prince Abdul Karim of Kalat.

** Constitution of the Pakistan National Awami Party (1957), Part II, "Aims, Objects and Programme."

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which had plagued the country once the euphoria of independence had dissipated. Ghaffar Khan's brother, Dr. Khan Sahib, originally selected as a nonparty chief minister for the new provincial government of West Pakistan in 1955, managed to keep control of the Province until July 1957, during which time he formed the Republican Party. He was, however, dismissed from the post in early July.

As governments fell, one after the other, the military watched and bided their time. In October 1958 they declared martial law, abrogated the constitution, and abolished all political parties. Within 3 weeks of the declaration, the actual leader of the coup, Pakistan Army Commander in Chief General Mohammad Ayub Khan, replaced another general, Iskander Mirza, as President in a bloodless succession. One week after the declaration of martial law, Ghaffar Khan, Bhashani, and several other opposition politicians were arrested as "anti-national" elements. Ghaffar Khan was not released until April 1959. Under the Elective Bodies Disqualification Order (EBDO) of August 7, the Red Shirt leader, as well as some 100 other former party politicians charged with contributing to the previous political instability, was disqualified from holding public office until the end of 1966.

Ghaffar Khan's style was a bit cramped by EBDO, but it did not prevent him from touring and speaking throughout the NWFP. Charged with indulging in anti-state activities, the old man was again arrested in April 1961 -- nearly 2 years to the day from his release. This time he was to remain in prison until January 1964. His arrest was followed by the incarceration of scores of other NAP leaders in both wings of the country.

c. Wali Khan Replaces His Father as Pathan Leader. During Ghaffar's imprisonment, leadership of the Frontier NAP passed to his son, Khan Abdul Wali Khan (b. 1915). Wali had been involved in opposition politics since his childhood. This experience, as well as a realistic appreciation of the extent to which the NAP could influence current political developments in the country, led him to relinquish charge of the NWFP branch of the party in mid-1964 after less than a year in office. Shortly thereafter Ghaffar Khan received permission to leave Pakistan on the trip which would end in his decision to take up residence in Afghanistan, and eventually to remain there for 8 years of self-exile. Although Wali

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continued to occupy a position of authority within the party and among its Pathan supporters, the functional political role of the Ghaffar Khan family in Pakistan was temporarily eclipsed.

Pathan nationalists, like all their opposition colleagues, suffered disastrous reversals in the January 1965 presidential elections. Under Ayub Khan's misnamed indirect electoral system, "Basic Democracies," the deck was stacked in favor of the government. The basic democracies structure was geared toward maintaining pro-government forces in power and was easily manipulable, with predictable results. The fact that Ayub's Pakistan Muslim League or pro-government independents swept local Pathan-majority constituencies in the NWFP and Baluchistan, however, is not particularly noteworthy. The opposition candidate, Miss Fatima Jinnah, was to carry only the anti-Ayub stronghold of Karachi in all of West Pakistan.

What is noteworthy is the relatively high level of support for Miss Jinnah in the two NAP/Red Shirt centers of Peshawar and Mardan districts and, conversely, the wide margin of Ayub's victory in all the centrally administered Pathan tribal agencies along the Afghan border. The elections to the National Assembly held 2 months later were even more disastrous for the opposition, which was unable to win a single seat. Political observers concluded that the back of the frontier NAP was broken, except for diehard elements in Peshawar and the Ghaffar/Wali stronghold of Charsadda-Mardan.

Despite temptations for Pathan nationalists to take advantage of the unsettled conditions resulting from the September 1965 war with India, the NWFP and the tribal areas remained tranquil. Jirgas in the tribal belt instituted an intertribal truce, and 2,000 to 3,000 tribal "mujahids" ("holy warriors against the infidels") volunteered for service on the Indian border. In a move which subsequently damaged his bona fides among Pathan nationalists -- but presumably under heavy government pressure -- Wali Khan made several public statements appealing for national unity during the emergency.

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The remnant of the Red Shirts left in the NAP identified themselves openly as frontier nationalists, but lacked the ability or determination to galvanize solid political support in Ayub Khan's Pakistan. Ghaffar Khan's self-exile and activities in Afghanistan were criticized regularly in the GOP-controlled press, and his prolonged absence from the local scene weakened the residual effect of his appeal. During this period Wali, the head of the family in Pakistan, was considered little more than a figurehead as Acting President of the frontier NAP during the 3 years (1963-66) when Party President Arbab Sikander Khan was in jail.

There was a revival of extremist activity near the Afghan border in the South Waziristan Tribal Agency during June 1966. Afghan agents were rumored to be offering bribes to tribals to fly Pashtunistan flags along the Waziristan border. At the same time, however, the American Consul in Peshawar reported no substantial support or potential drawing power for the Pakhtunistan movement in the NWFP. Nevertheless, frontier Pathans resented the short shrift which they claimed to be getting from the Provincial Government in Lahore. They were in the forefront of the move to disband the One Unit in the west wing and return to the former provincial arrangements with their own government in Peshawar.

The frontier NAP's emphasis on protesting One Unit was its major point of difference with the national party and reflected the frontier nationalist -- and, by extension, Pathan -- element which gave it its strength in the former NWFP. It is conceivable that it was because of this commitment against One Unit that the Frontier NAP refused to cooperate with other opposition parties, in contradiction of the stated aim of NAP National General Secretary Usmani to form a joint opposition platform.

d. Wali Khan Elected NAP/R President After Party Split. By the end of 1967 the NAP was in its death throes as a united party, deeply divided over domestic priorities and the question of a pro-Peking vs. a pro-Moscow international line. The final break came in July 1968 when the longer moderate branch of the NAP met in Peshawar, refusing any more to accept the leadership of pro-Peking Bengali politician Maulana Bhashani. Wali Khan was elected national president of the new NAP/R (Right), which declared the breakup of One Unit as its primary objective. The party's national council also called for the "reorganization of autonomous provinces on the basis of language and culture" and the "promotion of

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regional languages, cultures and traditions." Pathan, Sindhi, Baluch, and Punjabi nationalists congratulated each other, paying self-conscious respect to the various regional sentiments represented at the meeting, including those of East Pakistan. For the first time in several years, the GOP tolerated Pakhtunistan slogans and speeches during this meeting. Pro-Pakistan or other expressions of national sentiment, on the other hand, were not heard.

Wali Khan chose the occasion to question the "anomalous" position of the tribal territories, "deliberately" left out of the mainstream of Pakistani polity although their representatives sat in assemblies and passed judgment on laws to which they were not subject and taxes which they did not have to pay. The general secretary of the Punjab NAP raised a similar point, asking why the tribal areas were separate from the rest of Pakistan if the GOP truly sought national solidarity. While the NAP/R leaders berated the Ayub regime for its tribal policy, however, there was little evidence that the tribal Pathans had any interest in changing the permissive arrangements under which they operated.

Although backward economically, the tribal agencies shared in the Ayub government's rural works program under a formula which actually gave them a slight per capita advantage over the settled districts. They also had first call on all government construction contracts in their territory, including canal and preparatory work for the Warsak and Gomal Dams. They were issued permits for truck and bus lines. This arrangement gave them a major share of the carrying trade on the frontier, allowing them to earn in the settled districts while keeping their vehicles and shops tax-free in the unadministered areas. "Tame" tribal maliks who were members of the national and provincial assemblies from the Khyber Agency and Waziristan also were given textile factory permits. Even the unruly Mahsuds were granted irrigated government land in Sind, ostensibly to encourage them to shift to the settled districts, but in practice creating them absentee landlords with Sindhi tenants.

In September 1968 President Ayub delivered a diatribe against Ghaffar Khan at a meeting of tribal maliks near Mardan, branding him a "traitor." The GOP-controlled Pakistan Times lumped Ghaffar Khan together with the Bengali autonomist Mujibur Rahman and People's Party leader Z. A. Bhutto as "disruptionist" elements. Ayub's attack was

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echoed by West Pakistan Governor Mohammad Musa at a Peshawar tribal levee when he denounced not only Ghaffar Khan, but his son Wali as well, urging him to join his father in Afghanistan, where he was "plotting the dissolution of Pakistan." Distorting a recent Ghaffar Khan statement on his criteria for friendship, Musa told the Pathan maliks:

As if his past activities and utterances were not enough to condemn him, he has now chosen to insult the Pakhtuns by saying that the Hindus of India are better friends for them than their own people in Pakistan.

Musa also called untrue Ghaffar Khan's claims that he only conceived of Pakhtunistan within Pakistan.

The fact that both the President and the West Pakistan provincial governor would lavish such vituperation on an octogenarian regional politician indicated some awareness -- or at least anticipation -- of the political ferment which was growing throughout the country. Within a week of the Musa statement, the spark which signaled the beginning of the end of the Ayub "system" was struck in Rawalpindi. The arrival there of Bhutto on November 7, coinciding with a student demonstration and clashes with the police, resulted in outbreaks of violence which were to sweep Pakistan in the weeks ahead. Three days after the Rawalpindi incident, a youth attempted to assassinate President Ayub at a mass meeting in Peshawar.

Within days the GOP responded by arresting under the Defense of Pakistan Rules the men they called the "preachers of violence" -- Wali Khan, Bhutto, and leading members of their parties. Although they were to remain under detention until mid-February 1969, the NAP/R Provincial President in West Pakistan, M. A. Qasuri, continued to defend the party against GOP charges that it aimed at weakening the country. At a mass meeting in Peshawar, Qasuri acknowledged the party's desire for friendship with Afghanistan, but asserted that this did not extend to permitting the Afghan Government to cast an "evil eye" on Pakistani territory.

The Wali Khan NAP and several other opposition parties joined in early 1969 to form the Democratic Action Committee (DAC). Its goals, simply stated, were a return to parliamentary democracy and the restoration of civil rights denied under the state of emergency. Although pledged to nonviolence and discipline, the protests organized by the DAC beginning

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January 17, 1969, soon degenerated into a countrywide wave of violence resulting in death and the destruction of public and private property.

The Ayub government, recognizing the depth of feeling expressed in the political upsurge, began to make concessions in February. Wali Khan and other opposition leaders were released from prison, the emergency was ended, and a broad spectrum of political parties was invited to a conference. Soon after his release, Wali told a group of US correspondents that his Pakhtunistan goal was simply the reestablishment of the NWFP within Pakistan and that there was no disagreement between him and his father, Ghaffar Khan, on that point. Wali admitted that the status of the tribal areas posed a "quandary" for the NAP/R since their population was almost equal to that of the settled districts. While they had representation (via the basic democracies system) in the provincial and national assemblies, they were not subject to Pakistan taxes or legal restraints; the arrangement also permitted the GOP political agents to control their voting and assure pro-Ayub results. This theme of merging the tribal areas with the NWFP dates back to the pre-Independence Congress/Red Shirt platform of Ghaffar Khan; it became a canon for the NAP/R.

Although Ayub conceded the major constitutional demands of the DAC and agreed not to be a candidate in the next presidential election, forces had been set in motion which he could no longer control. The opposition, reverting to type, began squabbling among themselves, unable to agree on ultimate goals once their broad objectives had been granted. The first flush of success encouraged regionalist and other opposition forces throughout the country to develop more extreme demands. Law and order threatened to break down completely as police grew increasingly unable to quell student violence, and mobs vented their anger on such establishment targets as ministerial residences and even cars and buses.

e. Proclamation of Martial Law Following Ayub Ouster.

The result was Ayub's resignation and the proclamation of martial law on March 25. Political parties were not abolished, but it is significant that one of the early martial law regulations (MLR 19) forbade the dissemination of "reports on provincial, sectarian and linguistic basis calculated toward territorial

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or administrative dismemberment of Pakistan" on penalty of 14 years' imprisonment. The Pathans voiced disappointment with this setback to their hopes for a rapid dissolution of One Unit and the restoration of the NWFP. The new President, former Army Commander in Chief General A. M. Yahya Khan, did, however, make a point of including Wali Khan among a group of politicians invited to meet him during his first post-martial law declaration visit to Peshawar in May.

Apparently anticipating little chance for rapid political change in Pakistan, Wali departed for medical treatment of a chronic eye condition in London soon after his meeting with Yahya. En route to Europe, he stopped in Kabul to visit his father. This visit gave rise to accusations that Wali not only had conferred on strategy with Ghaffar Khan, but also met with Indira Gandhi while there.

Shortly after his return to Pakistan from Europe, again via Afghanistan, Wali Khan somewhat ambiguously defined his goal as "an independent province within Pakistan, but not an independent country." The NAP/R also began suggesting that the NWFP be renamed "Pakhtunistan." While Wali asserted that national integration in the larger sense was Pakistan's most serious problem, he warned also that delay in the "disintegration" of One Unit was "fraught with dangerous consequences."

Soon thereafter, the Qaiyum Khan faction of the Muslim League, hoping to steal some NAP/R thunder, also proposed the renaming of the Province. The two differed, however, in their constitutional formulae. Qaiyum, the longtime enemy of Ghaffar Khan, Wali, and the Pathan nationalists, proposed a strong Central Government, while the NAP/R persisted in its demand for considerable provincial autonomy. Qaiyum chose the occasion to denounce Ghaffar Khan's acceptance of an Indian Government invitation to participate prominently in the Gandhi centenary. Pakistani suspicion of Wali was not allayed when he visited Kabul, ostensibly for eye treatment, after his father's departure for India. Wali's attendance at the King's birthday celebration, where he was personally and publicly greeted by Zahir Shah and "royally treated" by Afghan officials, added to his unsavory aura in GOP eyes.

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By December, after Yahya's announcement of the imminent end of One Unit, Qaiyum had reversed himself on the "Pakhtunistan" name, claiming it had been chosen by Gandhi at a time when the Red Shirts opposed the very creation of Pakistan. Qaiyum charged that Wali and Ghaffar Khan had not given up their dream of leading the NWFP to independence. In response, Wali scoffed at these charges, calling the idea of an independent Pakhtunistan "completely unrealistic," and denying that provincial autonomy would mean economic separatism. He speculated that only if the Punjab attempted to apply pressure on the other provinces would the Pathans, Sindhis, and Baluch "go our own way alone."

Although the GOP had been apprehensive about Ghaffar Khan's extended stay in India, a Foreign Office official told an American Embassy officer in late December 1969 that the old man's moderate statements had helped to improve the atmosphere. Pakistanis also approved of Ghaffar's accusations that the Indian Government and its leadership had failed to protect the Muslim minority, and of his protest fast against communal rioting then in progress in India. The Pakistanis felt that he had "cut the ground out" from under the case for an independent Pakhtunistan by expressing a willingness to accept full provincial status for the NWFP within Pakistan. They had no illusions, however, about his motives, which they saw in terms of an effort to boost NAP/R electoral prospects in the yet unscheduled contest for the National Assembly.

When President Yahya issued his Legal Framework Order at the end of March 1970, specifying the regulations and principles governing the election of a National Assembly in October and the drafting of a new constitution by that body, certain crucial provisions provoked immediate controversy. The opposition in general, but especially the regional autonomists in East Pakistan and the NWFP, denounced the subordination of the assembly to the final authority of Yahya and the slighting of provincial autonomy. While article 20 established the principle of "maximum" autonomy for the provinces, it also required that the Central Government have "adequate" powers in relation to external and internal affairs.

f. Rebirth of the NWFP. There was universal rejoicing in Peshawar when the North-West Frontier Province was reborn with the end of One Unit on July 1, 1970. The fact that the tribal areas were maintained as centrally administered territories pleased both the Afghan Government (RGA) and many

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tribal maliks. The RGA approved of the arrangement because it sustained the separate status of the tribal agencies, rather than integrating them into West Pakistan proper and removing them one step further from the legal fiction of RGA sovereignty. The maliks, on the other hand, preferred the continuation of the system because it protected their traditional status, their freedom from Pakistani regulations and laws, and the lucrative economic arrangements from which they benefited. At the same time some maliks feared that the appointment of "political" governors allied with majority parties, following the convening of provincial assemblies, would encroach on their "rights."

The National Assembly elections, originally scheduled for October, had to be postponed until December because of the August floods and November cyclone in East Pakistan. Although representatives were directly elected throughout Pakistan, the tribal area contests were decided on the basis of participation by only the few thousand tribal maliks. Each of the five tribal agencies, plus two tribal pockets in the Peshawar and Malakand divisions, elected one delegate to the National Assembly.

Since the party politicians assumed that the maliks would vote as the GOP political agents directed, few bothered to devote much campaign time to the tribal areas. Qaiyum Khan did venture into the Khyber Agency and Wali Khan to a tribal pocket of Kohat district south of Peshawar, but they lavished the better part of their time and energy on the settled districts where representation would be on a one-man, one-vote basis.

When the votes were counted, embarrassment and gloom prevailed in the NAP/R camp. The Wali Khan forces were barely able to muster six of the NWFP's 18 seats in the National Assembly. A left-leaning religious party, the Jamiat-ul-Ulema-i-Islam (JUI), did far better than expected (eight) through appeals to the illiterate, fanatically Muslim Pathans to vote against the "Godless" Wali, threatening "God's wrath" if they hesitated. The NAP debacle was also seen as a demonstration of Wali Khan's inability to inject a new sense of purpose into the old Red Shirt movement.

Perhaps anticipating renewed NAP pressures for merger of the tribal areas with the NWFP, a representative group of tribal maliks, including former legislators and newly elected MNAs (Members of the National Assembly), held a

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press conference in Peshawar in mid-January 1971. They declared that if the new constitution did not provide for a strong Central Government, "the seven million [sic] tribesmen would be constrained to demand a separate province under the name of Qabailistan [Land of Tribes]." This new province would include the five tribal agencies plus the Malakand Division. The maliks concluded with the assertion that they would oppose "unequivocally" any attempt to bring the tribal areas under NWFP jurisdiction. This demand may have also reflected their fear that a weak center would no longer be in a position to continue tribal subsidies amounting to nearly 170,000,000 rupees (ca. US\$17 million at the present rate of exchange) per year in allowances and development inputs. It was their position that if the center were weak, they could better survive with their own provincial government than as an appendage of an impoverished NWFP.

Once the civil war had begun in East Pakistan, on March 26, 1971, the Pakhtunistan extremists in the tribal areas hoped to benefit from the disturbances to further their plans for a Pathan "war of liberation." Their leaders were Niaz Ali, nephew of and successor to the late Faqir of Ipi, and Khalifa Abdul Latif. Despite their eagerness, Ghaffar Khan was said to be firmly opposed to an armed rising in the tribal belt. He issued a public statement in Jalalabad, Afghanistan, 2 months after the outbreak of the violence, disclosing his earlier offer to go to East Pakistan and mediate between the Awami League and the GOP. When the offer was not accepted because of GOP conditions to which Ghaffar Khan could not agree, he observed, "If Mujib's majority cannot achieve majority rights, what hope is there for us Pakhtuns?" The old man returned to the theme of suppression of Bengali rights when he spoke at the August 31 Pashtunistan Day observance in Kabul, reflecting his own concern as well as that of the RGA.

The Pathan extremists, undaunted by Ghaffar Khan's advice, established the Azad (Independent) Pakhtun Union under the presidency of Niaz Ali in early August during a meeting of "independent" tribal representatives at Razmak in the North Waziristan Agency on the Pakistan side of the border.

Progress on constitutional matters in the tribal majority provinces (the NWFP and Baluchistan) was also stymied by the effects of the war on the national consciousness and the emergency regulations in effect. While the Pathans, as the

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major spokesmen for provincial autonomy in the west wing, sympathized with the Bengali plight, there was little they could do under the circumstances. Wali Khan speculated during a conversation in May with the American Consul in Peshawar that if the generals tried to suppress the people of West Pakistan in the same way that they "killed democracy" in the East, they would end up with three independent provinces and a Punjab "forced to eat crow by India." Shortly afterward he resigned the presidency of the NAP, citing the end of his 2-year term and his need to return to London for an eye operation. Party sources indicated that an additional reason was his disappointment with the post-March 26 turn of events which had frustrated NAP efforts to play a leading role in the NWFP and Baluchistan, where they had also received a plurality in the Provincial Assembly elections.

The party's fortunes took a turn for the worse in late November, shortly after the declaration of a national emergency, when President Yahya banned "all groups and factions" of the NAP, permitting, however, elected MNAs and MPAs to retain their seats. He denounced the NAP as a party which had fought against the creation of Pakistan, and some of whose leaders were then acting against the interests and security of the country at a time when it was fighting subversion and Indian "aggression" in East Pakistan. Yahya also branded Ghaffar Khan "the most inveterate of all opponents of Pakistan," "never relenting in his hostility to the country," and "now in open alliance with its enemies." The action was designed to placate Qaiyum Khan, GOP supporter and traditional foe of the NAP, and also was intended as a warning to Bhutto's Peoples Party (PPP).

g. NAP Replaces PPP as Opposition Leader. Within less than a month Pakistan had been decisively defeated and reduced to its west wing, Bangladesh was a reality, and former "disruptionist" Bhutto was the country's new President. The NAP, and however, refused to cooperate with Bhutto unless he met three major conditions: immediate withdrawal of martial law, promulgation of a new constitution under which each province received a degree of autonomy consonant with the Awami League's Six Points, and authorization for the NAP to appoint and form governments in the NWFP and Baluchistan. Within weeks, the NAP became the focal point for opposition to Bhutto, not only in the tribal provinces, but elsewhere as well.

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In February 1972 the NAP reactivated the Pakhtun Zalme, the militant Pathan volunteers originally formed in 1947 by Wali's brother Ghani as a counterpoise to Muslim League toughs who were agitating against the Red Shirts during the last days of British rule. Wali contended that they were unarmed youths whose only function was to police NAP meetings, but the move was interpreted as a response to the PPP "People's Guards" and to the consideration then being given to arming them. By the end of the month the Zalme were 6,000 strong in the NWFP.

As part of his campaign to establish the NAP as the principal national opposition party, Wali organized a speaking tour in late March through the Punjab, the heart of Bhutto country. In an attempt to dispel the separatist image of the NAP which successive Pakistani governments had encouraged in the public consciousness, Wali in Lyallpur declared flatly that Pakhtunistan was no longer an issue for the NAP and somewhat disingenuously challenged anyone to prove that he had uttered a "single word" on the subject in over 3 years. He also charged that regionalism was being played up as an issue by "vested interests" conspiring to divide the country.

The NAP and the GOP, as personified by Bhutto and the PPP, have carried on a running battle of backbiting and harassment ever since then, the former portraying itself as a champion of democratic freedoms under the gun of a Fascist demagogue in republican clothing.

Pathan nationalism per se remained relatively quiescent during the remainder of 1972. Political maneuvering involving threat and counterthreat culminated in the GOP's agreement in March to convene the National Assembly to prepare an interim constitution. In addition, the Provincial Assemblies were scheduled to meet in April, forestalling Wali Khan's earlier threat to call them into session himself in the NWFP and Baluchistan, where the NAP had formed an unlikely parliamentary alliance with their election competitors, the JUI. The GOP also agreed to permit the NAP-JUI coalition to form governments and fill the governorships in those two provinces.* Shortly

* The two parties together received 44 percent of the 1970 Provincial Assembly vote -- 25.5 percent for JUI and 18.5 for NAP.

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afterward NAP leaders Arbab Sikander Khan Khalil, a Pathan, and Sardar Ghaus Bakhsh Bizenjo, a Baluch, were named to the governorships of the NWFP and Baluchistan, respectively. The country's four Provincial Assemblies actually met for the first time in 12 years on May 2.

The high point of the year for the Pathan nationalists came in December with the return to Pakistan of Khan Abdul Ghaffar Khan after 8 years of self-exile in Kabul and Jalalabad. Welcomed by throngs of cheering Pathans at the Torkham border point on the western edge of the Khyber Pass, the 82-year-old "Frontier Gandhi" offered full cooperation with President Bhutto to help build "a new progressive and prosperous society in Pakistan." He also took the occasion to declare publicly that he had never opposed Pakistan as such, but only those who wanted to create a foothold for the British in the name of Islam. Shortly thereafter, in early January 1973, Ghaffar Khan announced plans to launch a "peace movement" and preach nonviolence in the NWFP, move on to Baluchistan, and then extend his movement to Afghanistan, Iran, and India.

Bhutto immediately took exception to Ghaffar Khan's formula, denouncing his "audacity" in grouping together Pakistan's four individual provinces with neighboring countries, but not mentioning Pakistan itself. Accusing the Red Shirt leader of using the "language of violence and disruption," Bhutto said he could not accept Ghaffar Khan's offer of cooperation because he had equated the Provinces of Pakistan with the sovereign independent States of Iran and Afghanistan.

In the year since the return of Ghaffar Khan to Pakistan, provincial autonomy and the alleged threat to democratic freedoms posed by the pressure tactics of the Bhutto government have emerged as the rallying cry of the opposition. The government, in an effort to keep the NAP off-balance and on the defensive, has seldom let up the pressure.

The dismissal in February 1973 of the NAP governors in Baluchistan and the NWFP ultimately resulted in the installation of PPP-led coalition governments in both provinces. This was followed in August with the arrest of three major NAP leaders in Baluchistan, whom Bhutto damned with the faint disclaimer that while he did not consider them traitors, "it was difficult to determine where provincial autonomy ended and secession began." Similarly, in the midst of Wali Khan's vituperative political barnstorming tour of the NWFP during

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October, Bhutto ordered the arrest of scores of second-echelon Pathan NAP leaders in the Province.

CURRENT ASSESSMENT

Strength of Pathan Nationalist Sentiment

With the exception of the few extremists in the tribal belt, such as Niaz Ali's Azad Pakhtun Union, not many Pakistani Pathans seem to be actively interested at the present time in working for the secession of the NWFP and/or Baluchistan. Having made that observation, however, there appears to be a further dichotomy between maliks in the nonadministered tribal areas and the party politicians in the settled districts. Even the party politicians differ in their strategies for galvanizing the support of the people, ranging from Wali Khan's Pathan NAP nationalists to Qaiyum Khan's Muslim League supporters of the Bhutto regime.

Tribal Areas. According to observers on the scene during the 1970 political campaign, most tribal Pathans showed little interest in the national issues debated by Pakistani political leaders. They continue to be more concerned with the preservation of their semi-independent status, the maintenance of a smooth working relationship with GOP Political Agents, and the assurance of traditional subsidies. Tribal maliks have consistently opposed the idea of an independent Pakhtunistan, fearing that it might not be able to keep them in the style to which they had become accustomed. They are not unhappy, however, with the new wave of Pashtunistan fever which has developed as a result of the Daud coup in Kabul. The practical dividends for the maliks have been increased attention from Islamabad and new allowances from Kabul.

Many of the older tribal Pathans are suspicious of the motives of Ghaffar Khan and his son, Wali. While this is partially a reflection of the traditional wariness of the highlander toward his more sophisticated lowland cousin, it also derives from the consistent NAP appeal for the merger of the tribal areas into the NWFP. This appeal, in turn, can be traced back to the original program of Ghaffar Khan's pre-partition Red Shirt movement.

~~Considerable social, political, and economic upheaval~~ might accompany the integration of the tribal areas. The tribal Pathans would then be subject to Pakistani laws and regulations, which conflict in many ways with their code of

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Pakhtunwali and its emphasis on the legitimacy of retribution and blood feuds as a way of life. The freewheeling economic system operating in the trikal belt also could be adversely affected if the large-scale smuggling now tacitly permitted were halted. Presumably the introduction of the Pakistan writ could also affect the traditional social structure and weaken the power of the maliks who still wield considerable power over the tribal masses.

Recent reports from Peshawar indicate a growing generational difference over the issue of integration. While the maliks firmly oppose the idea, saying that they would prefer a separate tribal province rather than merger with the NWFP, younger tribal elements and students have organized a group which they call the Anjuman-i-Ittehad-i-Qabail (Society for Tribal Unity). The society reportedly has called for "the establishment of democracy" in tribal areas and supports Wali Khan and the NAP. They gave Wali a warm reception at Landi Kotal during his stop there en route to Kabul in January 1971.

Settled Districts. There are no indications that the "settled" Pathans are any more unanimous in their attitudes toward Pakhtunistan than their country cousins in the tribal belt. While Wali Khan has recently employed secessionist rhetoric to advance his political objectives, his party does not necessarily represent a majority of the people of the NWFP. He has undoubtedly increased the NAP's share of political support in his struggle with Bhutto, but it would be extremely difficult to gauge accurately the degree to which his efforts have altered the previous political balance in the NWFP.

Although the NAP and the religious/populist Jamiat-ul-Ulema-i-Islam (JUI) were bitter opponents during the 1970 political campaigns, their subsequent experience as NWFP Provincial Government coalition partners has had the effect of drawing many former NAP supporters back to the Wali Khan fold. Rural Pathans in the "settled" districts who had traditionally been NAP -- and earlier, Red Shirt -- adherents, but had switched to the JUI in 1970, are again favoring the NAP. The extent to which Wali's activities in the NWFP in favor of Pathan "rights" have influenced this reversion is unclear.

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The settled Pathans most closely identified with the preservation of the status quo and the Bhutto government are the NWFP supporters of the Qaiyum Muslim League. The party, led by the Federal Interior and Frontier Regions Minister Qaiyum Khan (the ancient enemy of Ghaffar and Wali), is the rump of the old Ayub Khan political machine. There are also a small number of PPP members representing shopkeepers and petty landholders. Those two elements, in coalition with a group of independents (who are also for the most part former Ayub men) called the United Front, comprise the present provincial government in Peshawar. They, too, claim to be legitimate representatives of Pathan interests.

Ultimate Pathan Objectives

In discussing Pathan objectives, it would be useful to recall Pathan discontents. A fairer share of the admittedly limited economic resources of Pakistan would undoubtedly be high on the list of most Pathans. There is actually some evidence that efforts are already underway to correct the imbalance in distribution of Federal development funds. The most noteworthy example is the section of the new constitution which provides for payment to the provincial authorities by the Federal Government of any hydroelectric profits earned by federally administered power projects within the boundaries of a province. It is far easier, however, to allocate resources on paper than to implement development plans in the form of projects which benefit the people.

The completion of the massive Tarbela Dam across the Indus, projected for 1975, should contribute to some economic improvement in the lives of the people of the NWFP, as well as other parts of Pakistan. Seeing to it that the well-being of the average Pathan, rather than that of the elite, is served by the additional energy and water resources created by the project will be the responsibility of the political managers of the NWFP, as well as the Federal Government. Pathan nationalists demand a larger role in determining such allocations than they have had in the past.

Pathan political objectives are more difficult to isolate and pinpoint. They grow out of a background of suspicion and distrust which has its roots in the nationalist struggle and promises which the attainment of independence has not fulfilled.

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Provincial autonomy has been the dominant theme which Pathans have emphasized throughout the past 26 years of Pakistani nationhood. Their definition of autonomy, however, has fluctuated in tandem with that of "Pakhtunistan." Over the years, Pakhtunistan has varied from the simple expedient of renaming the NWFP, to "greater" provincial autonomy, to "complete" autonomy including "regaining control of all resources" within provincial boundaries, to secession and independence.

It is difficult to assess how much of Wali Khan's nationalist rhetoric is aimed at baiting the GOP and how much represents a real determination to follow the Bengalee example and break away from Pakistan. The Province, with or without Baluchistan, is not self-sufficient economically, and Wali knows this. Significant numbers of Pathans from all walks of life earn their livelihood in the business, industrial, and educational centers of Karachi and Lahore.* Pathan men from both the tribal areas and the settled districts of the NWFP who are otherwise unable to support their families find their way to urban centers outside the Province to work as unskilled or factory labor, or to enlist in military or paramilitary forces in order to send regular remittances back to the home village.

Prospects

Pathan nationalism in Pakistan has become the focal point of confrontations between Prime Minister Bhutto and Wali Khan, and between the GOP and Afghan President Daud. The Pathans of Pakistan, while fighting their own battle with the Bhutto regime, have become pawns in a contest between Kabul and Islamabad. Wali may see each new "incident" as an opportunity to advance the cause of Pathan autonomy, not to mention his own more limited objectives. But the interrelated contests involve a serious risk to the internal stability of Pakistan, as well as a larger and even more serious threat of regional conflict.

There is no evidence that Wali Khan and his NAP -- or for that matter Bhutto and Daud -- have any intention of

* There are, for example, between 500,000 and 1 million Pathan workers in Karachi alone.

backing off from the fray. Until recently, however, Wali Khan had distinguished between his brand of Pathan nationalism and that of Kabul, asserting that his major objective was greater autonomy within Pakistan. The escalation of the confrontation, both domestic and bilateral, has not yet influenced any of the players to modify substantially their positions in the direction of compromise.

The appeal of Wali Khan, despite certain significant weaknesses in his strategy to date, is his ability to pursue Pathan objectives on the national scene. Although he cannot convincingly prove that he speaks for all the Pathans, he remains the only Pathan leader to project their demands in confrontation with the GOP. He can point also to a record of achievements in the area of greater provincial autonomy and restraints on central authority as a result of his constitutional struggle with Bhutto over the past 2 years; the struggle continues.

This uneasy atmosphere, in turn, exacerbates, feeds, and is fed upon by political dissidence in the NWFP and Baluchistan. It is unlikely that Wali Khan or other Pathan NAP leaders still in Pakistan would prefer secession, but continued pressure from the GOP in the form of wholesale arrests of party lieutenants, increased surveillance, and periodic allegations of conspiratorial intent have the effect of raising the desperation factor. While Wali and the NAP have until now used Pathan nationalism as a political lever to extract constitutional concessions from Bhutto, there is always a very real danger that sentiment for autonomy might reach the proportions of a groundswell. This would be more likely, particularly if Wali and his fellow NAP leaders were to conclude and convince the people of the NWFP that continued GOP intransigence and hostility offered no alternative to armed resistance.

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RELEASE

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ACTION HA-09

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INFO LOG-00 ACDA-13 ADS-00 AID-01 AMAD-01 ARA-01 CI
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 SNP-01 SP-01 SR-01 SS-01 STR-18 TRSE-00 T-01
 USIE-00 DTC-01 101W

A4D98G 252327Z 38

P 252317Z OCT 91

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2763

SECDEF WASHDC PRIORITY

ONDCP WASHDC PRIORITY

AMEMBASSY LAPAZ

AMEMBASSY QUITO

USAFSO HOWARD AFB PM

USCINCSO QUARRY HEIGHTS PM

DEPARTMENT OF STATE 9300467 IS/FPC/CDR Date: 8/28/96
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 () DATE Non-Responsive Info
 TS authority to:
 () CLASSIFY as () S or
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UNCLAS SECTION 01 OF 07 LIMA 15150

SECSTATE FOR A/S SCHIFTER

SOUTHCOM FOR SJA COL GRAHAM AND POLAD, DAJAJIA

FOR LTC MCATHANNEY

E.O. 12356 DECL N/A

TAGS PHUM SNAR MASS PREL PE

SUBJECT NEW PRESIDENTIAL DIRECTIVE

ON HUMAN RIGHTS

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PEES A LIMA 13198 B LIMA 13003

1. SUMMARY: FOR THE RECORD, THE FOLLOWING IS
 AN UNOFFICIAL TRANSLATION OF THE FULL TEXT OF
 FUJIMORI'S SEPTEMBER 13 PRESIDENTIAL DIRECTIVE
 ON HUMAN RIGHTS (SUMMARIZE D R E F A) RATIFIED BY
 THE COUNCIL OF MINISTERS AND SIGNED BY THE PRIME

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MINISTER. THE MORE SALIENT POINTS IN THE DIRECTIVE ARE: THE CREATION OF A PRESIDENTIAL OFFICE FOR HUMAN RIGHTS; SPECIAL TRIBUNALS FOR TERRORISM; AND A CONTROL BODY TO COORDINATE ANTI-SUBVERSION EFFORTS. THE DIRECTIVE'S PROGRAM ALSO ENVISAGED REQUESTS FOR INTERNATIONAL ASSISTANCE IN PERU'S HUMAN RIGHTS SITUATION. SUCH AS ESTABLISHING A "NATIONAL HUMAN RIGHTS EDUCATION PROGRAM" WITH UN HELP. DID NOT MENTION A "NATIONAL REGISTER OF DETAINEES." END SUMMARY.

2. BEGIN TEXT:

TOWARDS A NEW PERUVIAN POLICY ON HUMAN RIGHTS

PRESIDENTIAL DIPICTIVE ON RESPECT FOR HUMAN RIGHTS

THE DOCUMENT WHICH CONTAINS THE PRESIDENTIAL POLICY ON HUMAN RIGHTS AND WHICH WE TRANSCRIBE BELOW WAS APPROVED BY THE COUNCIL OF MINISTERS DURING THEIR MEETING OF MONDAY, SEPTEMBER 9.

1. SCENARIO OF HUMAN RIGHTS VIOLATIONS IN PERU

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OVER 11 YEARS AGO ONE OF THE BLOODIEST AND MOST FANATICAL ORGANIZATIONS WHICH OPERATES IN THE WESTERN HEMISPHERE: SENDERO LUMINOSO, DECLARED WAR ON DEMOCRACY AND CIVILIZED LIFE IN PERU. ACCORDING TO THE PACIFICATION COMMISSION OF THE SENATE OF THE REPUBLIC OF PERU, MORE THAN 20,000 INDIVIDUALS HAVE DIED AS A CONSEQUENCE OF VIOLENT ACTIONS OF A POLITICAL NATURE WITHIN THE CONTEXT OF THIS WAR. FROM ITS BEGINNING IN 1980, ACCORDING TO THE PUBLIC MINISTRY OF PERU, A TOTAL OF 5,000 DISAPPEARANCES HAVE BEEN REPORTED SINCE 1980. NOT TO MENTION THE DESTRUCTION OF INFRASTRUCTURE, EQUIPMENT, AND A NUMBER OF PUBLIC GOODS, ESTIMATED AT 20,000 TONS OF GOODS, ALMOST 25% OVER THE ENTIRE PERU. THE DESTRUCTION OF DEPT. AND THE MAJORITY OF THE PERU.

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PERUVIAN SOCIETY, WHICH IS CHARACTERIZED BY BACKWARDNESS AND UNDERDEVELOPMENT, HAS SUFFERED THROUGHOUT ITS HISTORY DIFFERENT FORMS OF VIOLENCE. THIS STRUCTURAL VIOLENCE IN PERU ARISES FROM SOCIAL INEQUALITY, DISCRIMINATION AND THE LAYERS OF EXISTING POVERTY. HOWEVER, UNTIL THE APPEARANCE OF SENDERO LUMINOSO, VIOLENCE IN PERU HAD NEVER BEFORE BEEN SO EXTREMELY HARSH, SO BRUTAL AND INHUMANE AS WITH THE PRESENCE AND ACTIONS OF THIS GROUP. FOR THIS REASON, THE CRUELTY AND IRRATIONALITY OF THE SUBVERSION IN PERU IS REJECTED BY A SOCIETY

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WHICH HAS BEEN PROFOUNDLY MOVED BY THE HORROR OF GENOCIDE AND TERRORIST ATTACKS. IN THIS SCENARIO MARKED BY VIOLENCE WE DO NOT ATTEMPT TO JUSTIFY, BUT WISH TO EXPLAIN, WHICH ELEMENTS ARE THE BASIS FOR HUMAN RIGHTS VIOLATIONS ON THE PART OF SOME GOVERNMENTAL INSTITUTIONS. AND MOST IMPORTANT, TO PROPOSE A NUMBER OF MEASURES A POLICY- DESTINED TO CHANGE THE SITUATION.

II. HUMAN RIGHTS ARE NOT A RECENT CONCEPT: THE

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ACTION HA-09

INFO LOG-00 ACDA-13 ADS-00 AID-01 AMAD-01 ARA-01 CG-00
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L-03 NSAE-00 OIC-02 OIG-01 OMB-01 PA-02 PM-01
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SS-01 STR 18 TRSE-00 T 01 USIE-00 DTC-01 101W
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P 252317Z OCT 90
FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 2764
SECDEF WASHDC PRIORITY
ONDCP WASHDC PRIORITY
AMEMBASSY LAPAZ
AMEMBASSY QUITO
USAFSO HOWARD AFB PM
USCINCSO QUARRY HEIGHTS PM

UNCLAS SECTION 02 OF 07 LIMA 15150

SECSTATE FOR A/S SCHIFTER
SOUTHCOM FOR SJA COL GRAHAM AND POLAD, DAJA IA
FOR LTC MCATAMNEY

F.O. 12356: DECL: N/A
TAGS: PHUM, SNAR, MASS, PREL, RE
SUBJECT: NEW PRESIDENTIAL DIRECTIVE
DRUG PROBLEM AND OTHER CONCERNS.

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BEFORE JULY 28, 1990, CAMBODIA GOVERNMENT
PLAN ADDRESSED THE NEED FOR A NATIONAL
RECONSTRUCTION PROGRAM TO BE ACHIEVED THROUGH THE
COUNTRY'S DEVELOPMENT, WHICH WOULD ACKNOWLEDGE
THAT THE SOLUTION TO THE PROBLEM OF SUBVERSION
WAS NOT EXCLUSIVELY MILITARY, THAT THE PEOPLE,
ALONG WITH THE GOVERNMENT COULD DEFEAT
SUBVERSION AND THAT THE ROLE OF THE ARMED FORCES

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AND THE NATIONAL POLICE, ALTHOUGH FUNDAMENTAL, SHOULD APPEAR AS A NOT EXCLUSIVELY REPRESSIVE SUPPORT FUNCTION WITHIN AN INTEGRATED STRATEGY. THIS WAS CORROBORATED LATER IN THE MESSAGE TO THE NATION WHICH THE PERUVIAN PRESIDENT READ AFTER BEING SWORN IN AS PRESIDENT. IN IT HE POINTED OUT THAT "ONLY THE DEFINITIVE ELIMINATION OF INJUSTICE AND DISCRIMINATION CAN PUT AN END TO SUBVERSION."

THUS, THE PRESENT ADMINISTRATION HAS SHOWN FROM ITS BEGINNING A CLEAR AND FIRM DISPOSITION TO ATTAIN THE PACIFICATION OF PERU, ELIMINATING BOTH THE STRUCTURAL CAUSES WHICH GENERATE VIOLENCE, AND THE BLOODY ACTION OF SUBVERSIVE GROUPS, WITHIN THE FRAMEWORK OF THE FIRM AND UNRESTRICTED RESPECT FOR HUMAN RIGHTS.

II. 1 FARMERS: VALID PARTICIPANTS.

THOSE PROGRAMS STARTED TO BECOME A REALITY ON OCCASION OF THE MESSAGE TO THE NATION WHICH WAS READ BY THE PRESIDENT OF THE REPUBLIC, WHEN HE ANNOUNCED THE NEW POLICY OF THE PERUVIAN

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GOVERNMENT ON DRUG CONTROL AND ALTERNATIVE DEVELOPMENT ON OCTOBER 26 OF LAST YEAR. IT DEFINED A TOTALLY NEW APPROACH IN THE TREATMENT OF THAT ISSUE: 1) IT EXPLAINED THAT IN PREVIOUS EFFORTS IN THE STRUGGLE AGAINST THE DRUG TRAFFICKING SCOURGE, AND IN THE EFFORTS BEING CARRIED OUT BY OTHER COUNTRIES AT THAT SAME TIME, EMPHASIS HAD BEEN PLACED ON THE REPRESSIVE AND POLICE ASPECTS OF THE PROBLEM, AND 2) IT ANNOUNCED THAT PERU WOULD FOLLOW A POLICY WHICH WOULD CONSIST IN CLEARLY DISTINGUISHING BETWEEN FARMERS WHO PRODUCE THE COCA LEAF WHO ALONG WITH CONSUMERS FROM PERU AND DEVELOPED COUNTRIES ARE ALSO VICTIMS OF DRUG TRAFFICKING, AND THE REAL DRUG TRAFFICKERS.

AFTER HAVING BEEN IDENTIFIED AS CRIMINALS AND ACCUSED OF BEING A PART OF THE FIRST LINK IN THE DRUG TRAFFICKING CHAIN, PERUVIAN COCA FARMERS

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ARE NOW BEING CONSIDERED AS VALID PARTICIPANTS IN THE ALTERNATIVE DEVELOPMENT PROGRAM, WHICH UNDOUBTEDLY CONSTITUTES THE BEGINNING OF A VIGOROUS LONG TERM EFFORT, WHICH FORTUNATELY ALSO HAS THE BACKING OF THE UNITED STATES GOVERNMENT.

II.2 THE RIGHT TO PROPERTY. THE EXERCISE OF ECONOMIC ACTIVITY. PARTICIPATION IN THE DECISION MAKING PROCESS.

IN THE NEW POLICY NOT ONLY WAS THE DENOMINATION OF FARMERS AS "CRIMINALS" DISCARDED, BUT, UNCLASSIFIED

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LIKEWISE, AS A PRINCIPAL STARTING POINT OF THIS POLICY A PROPOSAL WAS MADE FOR THE RECOGNITION AND THE GRANTING OF GUARANTEES OF PROPERTY RIGHTS TO THE COCA FARMERS. TO HAVE LIVED IN CONSTANT FEAR, TO HAVE LIVED BETWEEN TWO FIRES - THAT OF REPRESSION OF DRUG TRAFFICKING AND THAT OF THE ARMED SUBVERSION WHICH PROTECTS IT OCCURRED AS A CONSEQUENCE, PRECISELY, BECAUSE THE INSTITUTIONAL SYSTEM DID NOT PREVIOUSLY RECOGNIZE THEIR STATUS AS LAND OWNERS NOR HAD IT ALSO DEFINED OR ESTABLISHED THEIR RIGHTS.

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ACTION HA-09

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USIE-00 DTC-01 101W
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P 252317Z OCT 91
FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 2765
SECDEF WASHDC PRIORITY
ONDCP WASHDC PRIORITY
AMEMBASSY LAPAZ
AMEMBASSY QUITO
USAFSO HOWARD AFB FM
USCINCSO QUARRY HEIGHTS RM

UNCLAS SECTION 03 OF 07 LIMA 15150

SECSTATE FOR A S SCHIFTER
SOUTHCOM FOR CJA COL GRAHAM AND POLAD DANAIA
FOR LTC MCATAMNEY

F.O. 12356: DECL: N A
TAGS: PHUM, SNAR, MASS, PREL, PE
SUBJECT: NEW PRESIDENTIAL DIRECTIVE

THE SAME THING WAS HAPPENING TO THE EXERCISE OF
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LEGAL ECONOMIC ACTIVITY WHICH WAS FORBIDDEN IN
PART BY A WALL OF PAPERWORK AND BUREAUCRATIC
COSTS WHICH PRACTICALLY FORCED THE FARMERS TO
ABANDON THE COCA LEAF. THE NEW POLICY
CONSEQUENTLY PROPOSED THE NEED TO REDUCE THOSE
COSTS AS A VISIBLE INSTRUMENT TO ATTAIN CROP
DIVERSIFICATION IN PARTICULAR AND ALTERNATIVE
DEVELOPMENT IN GENERAL.

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ADDITIONALLY, THE TRADITIONAL VIEW OF THE ISSUE HAD DISREGARDED THE RIGHT OF THE FARMERS TO POLITICAL PARTICIPATION, WHO HAD TO RESIGN THEMSELVES TO ACCEPT THE IMPOSITION OF GOVERNORS NOT DIRECTLY INTERESTED IN THEIR SPECIFIC AND DAILY CONCERNS. THE NEW POLICY OF THE PERUVIAN GOVERNMENT PROPOSED, THEN, THAT THE FARMERS SHOULD ACTIVELY PARTICIPATE IN THE DECISION MAKING PROCESS.

THE RIGHT TO OBTAIN A DULY REGISTERED PIECE OF LAND, THE RIGHT TO FREELY ENGAGE IN LEGAL ECONOMIC ACTIVITIES AND THE RIGHT TO PARTICIPATE IN THOSE DECISIONS WHICH AFFECT THEIR LIVES AND THEIR ECONOMIC ACTIVITY, UNDOUBTEDLY CONSTITUTE IMPORTANT ASPECTS OF "HUMAN RIGHTS." BUT, MORE IMPORTANT YET, DESIGN THE BASIC STRUCTURE OF PACIFICATION AND ALTERNATIVE DEVELOPMENT THAT SHOULD BE BASED IN AN ATMOSPHERE OF RESPECT FOR ALL OTHER HUMAN RIGHTS. IN OTHER WORDS, IT IS NOT ACCEPTABLE TO THINK THAT CIVIL AND POLITICAL

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RIGHTS CAN BE IN FORCE IN A SOCIAL STRUCTURE THAT DOES NOT RESPECT PROPERTY RIGHTS, THE FREE EXERCISE OF LEGAL ECONOMIC ACTIVITIES AND PARTICIPATION IN THE DECISION MAKING PROCESS.

LATER ON, WHEN THE AGREEMENT ON DRUG CONTROL AND ALTERNATIVE DEVELOPMENT POLICIES WAS MADE WITH THE UNITED STATES, IT WAS EXPRESSLY STIPULATED THAT "ALTERNATIVE DEVELOPMENT ACTIVITIES SHOULD NOT BE LIMITED SOLELY TO THE COCA-PRODUCING AREAS, BUT SHOULD ALSO INCLUDE AREAS WHERE THE MIGRATION OF LABOR TO THOSE ZONES ORIGINATES. THEY SHOULD ALSO INCLUDE ACTIVITIES THAT CAN OFFER ALTERNATIVE EMPLOYMENT TO PERSONS WHO ARE OR MIGHT IN THE FUTURE DECIDE TO START TO GROW COCA."

THE AGREEMENT, LIKEWISE, UNDERLINED THE NEED THAT "IN THE FIRST PLACE . . . THE INSTITUTIONAL CAUSES OF THE STRUCTURAL DISTORTION THEMSELVES

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ARE CORRECTED SO THAT THE ADJUSTMENT WILL BE FEASIBLE AND LASTING; AND, IN SECOND PLACE, TO GIVE PRIORITY TO MEASURES AT THE MICRO-ECONOMIC LEVEL THAT WILL PROVIDE IMMEDIATE BENEFITS TO THE UNDERPRIVILEGED SECTORS, WHICH ARE THE MOST CLOSELY LINKED IN THE GROWING AND INITIAL PROCESSING OF COCA." DIRECTLY ADDRESSING THE POLITICAL-CIVIL ASPECTS OF HUMAN RIGHTS, IT WAS POINTED OUT IN THE AFOREMENTIONED AGREEMENT THAT "THE INSTITUTIONAL CAUSES OF THE DISTORTIONS WILL BE ELIMINATED ONLY IF CITIZENS HAVE ACCESS TO RELEVANT INFORMATION AND CAN PARTICIPATE IN

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THE PROCESS OF MAKING RULES AND DECISIONS RELATIVE TO THEIR PROBLEMS. FURTHERMORE, THE AGREEMENT STIPULATED: THERE MUST BE EFFICIENT JUDICIAL AND ADMINISTRATIVE SYSTEMS TO WHICH ALL CITIZENS CAN TURN. SHOULD THEIR OPPORTUNITIES TO ENGAGE IN LEGAL PRODUCTIVE ACTIVITIES BE IMPINGED, ABOVE ALL WHEN THIS IS THE RESULT OF ARBITRARY AND ABUSIVE ACTIONS ON THE PART OF THE STATE OR OTHER ORGANIZATIONS."

THE PREVIOUS POINTS ARE MOST IMPORTANT, BECAUSE

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P 252317Z OCT 91

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2766

SECDEF WASHDC PRIORITY

ONDCP WASHDC PRIORITY

AMEMBASSY LAPAZ

AMEMBASSY QUITO

USAFSO HOWARD AFB PM

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UNCLAS SECTION 04 OF 07 LIMA 15150

SECSTATE FOR A-S SCHIFTER

SOUTHCOM FOR SJA COL GRAHAM AND POLAD, DAJARAIA

FOR LTC MCATAMNEY

E.O. 12356: DECL: N/A

TAGS: PHUM, SNAR, MASS, PREL, PE

SUBJECT: NEW PRESIDENTIAL DIRECTIVE

IN THE DPUG AGREEMENT MADE BETWEEN THE UNITED
STATES AND COLOMBIA. FOR EXAMPLE, ONLY A GENERAL

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REFERENCE TO THE HUMAN RIGHTS QUESTION IS MADE,

WHILE IN THE CASE OF BOLIVIA NO REFERENCE IS

MADE TO THIS PROBLEM. THUS, PERU HAD MADE

IMPORTANT ADVANCES IN THIS AREA. A LONG TIME

BEFORE A RISK OF INTERRUPTING FOREIGN AID AS A

CONSEQUENCE OF THE PROBLEM OF HUMAN RIGHTS

WAS AVOIDED. CALLING ATTENTION TO THE

NEED OF AVOIDING THE CAUSES OF HUMAN RIGHTS

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VIOLATIONS. THE PERUVIAN GOVERNMENT WAS VERY CLEAR IN CONSIDERING FARMERS NOT AS SIMPLE INSTRUMENTS OF POLICIES, BUT AS PROTAGONISTS OF THEIR OWN DESTINY. THOSE FARMERS SHOULD HAVE SOMETHING TO DEFEND IN CONFRONTING THE TERROR AND SOMETHING TO SAY AND DECIDE BEFORE THE STATE.

11. 3 OTHER PRECEDENT SETTING ACHIEVEMENTS.

THE SUBJECT OF DRUGS AND ALTERNATIVE DEVELOPMENT IS NOT THE ONLY ONE WHICH REFLECTS THE PERUVIAN GOVERNMENT'S CONCERN FOR THE HUMAN RIGHTS SITUATION.

A. IT SHOULD BE NOTED THAT A FEW MONTHS AFTER COMING INTO POWER, THE NEW ADMINISTRATION ISSUED A SUPREME DECREE WHICH ALLOWED FOR THE PARDONING OF INDICTED CRIMINALS. THE MEASURE IS DESIGNED TO FAVOR THOUSANDS OF INMATES ACCUSED OF MISDEMEANORS WHO REMAINED IN JAIL AS A CONSEQUENCE OF THE DEFICIENT FUNCTIONING OF THE JUDICIARY FOR PERIODS OF TIME WHICH WOULD HAVE BEEN LONGER THAN THE SENTENCES WHICH THEY WOULD EVENTUALLY RECEIVE. THE RESPECT FOR HUMAN

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RIGHTS AND NOTHING MORE. THAT IS THE MAIN FACTOR FOR SUCH A MEASURE.

B. THE NEW PENAL CODE, ISSUED BY THE EXECUTIVE POWER INCLUDES THE CRIME OF FORCED DISAPPEARANCE OF PERSONS. THUS, BY INCLUDING THIS TYPE OF CRIME AND THE APPLICATION OF HARSH PENALTIES FOR THOSE WHO INCUR IN THIS ABEPRATION, PERU IS IN A BETTER POSITION TO PURSUE AND ACCUSE HUMAN RIGHTS VIOLATORS INVOLVED IN CASES OF DISAPPEARANCES.

Likewise, THROUGH A SUPREME DECREE THE PRESENT ADMINISTRATION HAS RECENTLY AUTHORIZED PROSECUTORS TO FREELY ENTER POLICE STATIONS AND POLICE AND MILITARY PREMISES, IN ORDER TO INQUIRE INTO THE CONDITION OF ARRESTED INDIVIDUALS AND TO UNRAVEL REPORTS ON DISAPPEARANCES.

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III. THE ADMINISTRATION'S POSITION REGARDING
HUMAN RIGHTS IN PERU.

RESULTS ARE NOT YET AS ENCOURAGING AS WE WOULD
LIKE, SINCE A SINGLE CASE OF DISAPPEARANCE, A
SINGLE DEAD PERSON, IS SUFFICIENT TO LABEL THE
SITUATION AS DRAMATIC AND HORRIBLE. HOWEVER,
THE NUMBERS ARE DIMINISHING MARKEDLY, AND WHAT
IS MORE IMPORTANT, WE HAVE THE FIRM INTENTION TO
MAKE POSSIBLE THAT NOT A SINGLE CASE OF
DISAPPEARANCE EXIST IN PERU AND TO ELIMINATE
TORTURE AND EXTRAJUDICIAL EXECUTIONS. IN ORDER
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TO ACHIEVE THAT, WE ARE PROPOSING SEVERAL
INSTITUTIONAL REFORMS, INSTITUTIONAL CONTROL AND
COOPERATION, NATIONAL EDUCATION AND SANCTIONS
AGAINST THOSE WHO ARE GUILTY OF HAVING COMMITTED
CRIMES AGAINST HUMAN RIGHTS.

IV. GENERAL PROVISIONS

ACTIONS TO CONFRONT THE SITUATION DESCRIBED
ABOVE SHOULD INITIALLY CONSIST OF THREE LEVELS:
PROPOSALS FOR INSTITUTIONAL CHANGES, PROPOSALS

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ACTION HA-09

INFO LOG-00 ACDA-13 ADS-00 AID-01 AMAD-01 ARA-01 CIAE-00
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P 252317Z OCT 91

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2767

SECDEF WASHDC PRIORITY

ONDCP WASHDC PRIORITY

AMEMBASSY LAPAZ

AMEMBASSY QUITO

USAFSO HOWARD AFB PM

USCINCSO QUARRY HEIGHTS PM

UNCLAS SECTION 05 OF 07 LIMA 15150

SECSTATE FOR A S SCHIFTER

SOUTHCOM FOR SJA COL GRAHAM AND POLAD, DAJA, IA
OR LTC MCATAMNEY

E.O. 12356: DECL: N/A

TAGS: PHUM, SNAR, MASS, PREL, PE

SUBJECT: NEW PRESIDENTIAL DIRECTIVE

FOR INTERNATIONAL CONTROL AND COOPERATION, AND
PROPOSALS FOR NATIONAL CONTROL AND EDUCATION.

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PROPOSALS FOR INSTITUTIONAL CHANGES.

THE PERUVIAN GOVERNMENT IS CREATING A
COMMISSION WHICH SHALL SUBMIT AS SOON AS
POSSIBLE A REPORT ON THE MUNICIPALIZATION
AND OR REGIONALIZATION OF POLICE FUNCTIONS THAT
COMPLEMENT THOSE UNDER THE COMPETENCE OF THE

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NATIONAL POLICE OF PERU.

THOSE FUNCTIONS SHOULD DEPEND ON DEMOCRATICALLY ELECTED LOCAL AND REGIONAL GOVERNMENTS, WHICH WILL PERMIT A DIRECT CONTROL BY THE POPULATION OVER THE ACTIONS BY THE REPRESENTATIVES OF THE PUBLIC ORDER.

(2) ON THE ASSUMPTION THAT THE POLICE SHOULD NOT CONCLUDE ITS DUTIES WITH THE PREPARATION OF THE POLICE REPORT, A "SPECIAL INVESTIGATIONS UNIT" SHALL BE CREATED, MADE UP OF A POLICE CORPS LINKED TO THE PNP, BUT AT THE EXCLUSIVE DISPOSITION OF THE JUDICIAL POWER AND THE PUBLIC MINISTRY, WHOSE MISSION SHALL CONSIST OF LOOKING AFTER THE SAFETY OF WITNESSES AND OTHER EVIDENCE, CARRY OUT EXTENDED INVESTIGATIONS REQUESTED BY THE JUDGES AND PROSECUTORS AND FACILITATE THE COMPLIANCE WITH EVERY JUDICIAL MANDATE ISSUED TO THEM.

(3) THE PERUVIAN GOVERNMENT WILL CREATE AN ENTITY FOR INTERINSTITUTIONAL CONTROL.

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THE DIFFERENT STATE ENTITIES THAT INTERVENE IN THE COUNTERSUBVERSIVE STRUGGLE SHOULD NOT FUNCTION AS "WATERTIGHT COMPARTMENTS", THAT IS TO SAY, THEIR RESPONSIBILITY SHOULD NOT BE FRAGMENTED AND, THEREFORE, DILUTED. THE POLICE ENTITIES SHALL CONTINUE INTERVENING IN THE PROCESS EVEN AFTER HAVING TAKEN THE ARRESTED INDIVIDUALS TO THE JUDICIARY AUTHORITIES. IN GENERAL IT SHOULD BE POSSIBLE TO ARTICULATE IN A MORE ORGANIC MANNER THE INSTITUTIONAL EFFORTS CARRIED OUT IN ORDER TO ATTAIN THE PACIFICATION OF PERU.

4. THE PERUVIAN GOVERNMENT WILL COORDINATE WITH THE JUDICIAL AUTHORITIES THE FORMATION OF THE SPECIALIZED COURTS.

JUDGES WHO MUST SEE CASES RELATED TO TERRORIST CASES MUST BE CAREFULLY SELECTED AND TRAINED

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IN THE PROSECUTION OF THE SPECIFIC TYPE OF CRIMES WHICH ARE GENERATED BY TERRORIST ACTIONS. WE MUST NOT FORGET THAT CIRCUMSTANTIAL EVIDENCE BECOMES ESSENTIAL EVIDENCE IN THIS TYPE OF CRIMES, THUS, JUDGES SHOULD ADJUST TO THE NEED FOR A NOVEL AND MORE TECHNICAL APPROACH TO SUCH EVIDENCE.

THE CHOICE OF SPECIAL JUDGES AND SUPERIOR COURT JUDGES FOR TERRORISM MUST BE CARRIED OUT KEEPING THE FOLLOWING CRITERIA IN MIND: INTELLECTUAL CAPACITY, MORAL FITNESS AND THE DESIRE TO WORK IN THAT FIELD. THIS INEVITABLY CALLS FOR THE

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CREATION OF INCENTIVES WHICH MOTIVATE COMPETENT JUDGES TO GET INVOLVED IN THIS TASK, SUCH AS HAZARDOUS DUTY BONUSES, SCHOLARSHIPS ABROAD AFTER A SET PERIOD OF TIME, SECURITY FOR THEM AND THEIR RELATIVES, ETC.

(S) THE PERUVIAN GOVERNMENT WILL PROCEED TO IMPLEMENT A NEW PENITENTIARY POLICY.

THIS WILL ALLOW FOR A CLEAR CHOICE REGARDING THE ADVISABILITY OF CONCENTRATING OR DISPERSING

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ACTION HA-09

INFO LOG-00 ACDA-13 ADS-00 AID-01 AMAD-01 APA-01 CIAE 00
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SNP-01 SP-01 SR-01 SS-01 STR-18 TRSE-00 T-01
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FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2768

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AMEMBASSY LAPAZ

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USAFSO HOWARD AFB PM

USCINCSO QUARRY HEIGHTS PM

UNCLAS SECTION 06 OF 07 LIMA 15150

SECSTATE FOR A'S SCHIFTER

SOUTHCOM FOR SJA COL GRAHAM AND POLAD DAJA/IA

FOR LTC MCATAMNEY

E.O. 12356: DECL: N A

TAGS: PHUM, SNAR, MASS, PREL, PE

SUBJECT: NEW PRESIDENTIAL DIRECTIVE

THOSE ACCUSED OF TERRORIST-RELATED CRIMES. IT
IS NECESSARY TO AVOID THAT INDIVIDUALS ARRESTED

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FOR TERRORISM WHO HAVE DIFFERENT LEVELS OF
INVOLVEMENT IN TERRORIST ORGANIZATIONS HAVE
CONTACT AMONG THEMSELVES IN DETENTION CENTERS.

TO THIS EFFECT, A SPECIALIZED TECHNICAL GROUP
COULD BE CREATED. THE MEMBERS OF THIS GROUP

WOULD BE FAMILIAR WITH THE TERRORIST PHENOMENON

AND THE ORGANIZATIONAL STRUCTURE OF SUBVERSIVE

GROUPS. SINCE THE POLICE REPORT HAS BEEN

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RECEIVED AND THE JUDGE HAS ORDERED THE INDIVIDUAL'S DETENTION; THIS GROUP WOULD PROCEED TO EVALUATE THE ARRESTED INDIVIDUAL, ACCORDING TO THE POSITION OCCUPIED BY HIM WITHIN THE TERRORIST ORGANIZATION (CHIEFS, LEADERS OR MEMBERS). THIS CLASSIFICATION WOULD DETERMINE THE DETENTION CENTER AND THE APPLICABLE TYPE OF TREATMENT.

THIS OBVIOUSLY REQUIRES AN ADEQUATE INFRASTRUCTURE WHICH ALLOWS FOR THE ADOPTION OF EFFECTIVE ISOLATION MEASURES AND GUARANTEES THE REQUIRED SECURITY FOR THE CONFINEMENT OF THAT TYPE OF INDIVIDUAL.

B1 PROPOSALS FOR INTERNATIONAL CONTROL AND COOPERATION

(1) THE PERUVIAN GOVERNMENT WILL OFFICIALLY REQUEST THE COOPERATION OF THE UNITED NATIONS AND THE HUMAN RIGHTS CENTER OF THAT ORGANIZATION FOR THE DESIGN, IMPLEMENTATION AND EVALUATION OF A NATIONAL EDUCATION PROGRAM ON HUMAN RIGHTS;

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THE PROGRAM WILL INCLUDE THE PERUVIAN ARMED FORCES AND NATIONAL POLICE AND WILL HAVE AS ITS OBJECTIVE TO MAKE THE COUNTRY AWARE OF THE IMPORTANCE OF HUMAN RIGHTS FOR A PEACEFUL AND DEMOCRATIC LIVING.

(2) THE PERUVIAN GOVERNMENT WILL OFFICIALLY INVITE THE HUMAN RIGHTS COMMISSION OF THE ORGANIZATION OF AMERICAN STATES TO VISIT PERU, AND WILL ALSO REQUEST THAT THIS ORGANIZATION SUBMIT ITS RECOMMENDATIONS TO PROMOTE AN ABSOLUTE RESPECT FOR HUMAN RIGHTS IN PERU. THE PERUVIAN GOVERNMENT PROMISES TO GIVE AN IMMEDIATE ANSWER TO THE INQUIRIES ABOUT ALLEGED DISAPPEARANCES, EXTRAJUDICIAL EXECUTIONS AND TORTURE WHICH THE EXECUTIVE SECRETARIAT OF THE INTERAMERICAN COMMISSION SUBMITS TO PERU. THE PERUVIAN GOVERNMENT SHALL ENTRUST THE FOREIGN MINISTER WITH THE REPRESENTATION OF THE STATE IN

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ALL CASES OF HUMAN RIGHTS VIOLATIONS WHICH MAY BE PROSECUTED IN INTERNATIONAL ORGANIZATIONS FOR THE PROTECTION OF THESE RIGHTS.

(3) CONSULTATION WITH THE INTERAMERICAN COURT FOR HUMAN RIGHTS ON THE APPLICATION OF THE HUMANITARIAN INTERNATIONAL LAW.

THE PERUVIAN GOVERNMENT WILL SUBMIT TO THE INTERAMERICAN COURT FOR HUMAN RIGHTS A REQUEST FOR AN ADVISORY OPINION, IN ORDER THAT THIS COURT ESTABLISH THE SCOPE OF THE APPLICATION OF

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THE HUMANITARIAN INTERNATIONAL LAW IN SUPPORT OF ITS LEGITIMATE COUNTERSUBVERSIVE STRUGGLE.
C) PROPOSALS FOR NATIONAL CONTROL AND EDUCATION.

(1) PRESIDENTIAL DIRECTIVE FOR THE RESPECT FOR HUMAN RIGHTS. THE PRESIDENT OF PERU IN HIS CAPACITY OF COMMANDER IN CHIEF OF THE PERUVIAN ARMED FORCES AND NATIONAL POLICE, HAS REITERATED THE OBLIGATION OF ALL MEMBERS OF THE ARMED FORCES AND THE NATIONAL POLICE TO RESPECT HUMAN RIGHTS WHICH ARE NATIONALLY AND INTERNATIONALLY

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ACTION HA-09

INFO LOG-00 ACDA-13 ADS-00 AID-01 AMAD-01 ARA-01
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USAFSD HOWARD AFB PM
USCINCSO QUARRY HEIGHTS PM

UNCLAS SECTION 07 OF 07 LIMA 15150

SECSTATE FOR A/S SCHIFTER
SOUTHCOM FOR SJA COL GRAHAM AND POLAD: DAJA IA
FOR LTC MCATAMNEY

F.O. 12356: DECL: N A
TAGS: PHUM, SNAR, MASS, PREL, PE
SUBJECT: NEW PRESIDENTIAL DIRECTIVE
RECOGNIZED AND TO PROTECT THE CIVILIAN
POPULATION. IT SHOULD BE NOTED THAT THOSE
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MEMBERS OF THE GOVERNMENTAL FORCES WHO DO NOT
COMPLY WITH THEIR OBLIGATIONS, PARTICULARLY
REGARDING DISAPPEARANCES, EXTRAJUDICIAL
EXECUTIONS AND TORTURE, WILL BE SEVERELY
PUNISHED.

A PRESIDENTIAL OFFICE FOR THE PROTECTION OF
HUMAN RIGHTS (DPRH) WILL BE CREATED. THIS

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OFFICE WILL FALL UNDER THE DIRECT AUTHORITY OF THE PRESIDENT OF PERU AND FOR POLICY MATTERS WILL COME UNDER THE PRESIDENT OF THE COUNCIL OF MINISTERS. THE PURPOSE OF THIS OFFICE IS TO SEE THAT HUMAN RIGHTS ARE RESPECTED. THIS OFFICE WILL RECEIVE COMPLAINTS OF POSSIBLE DISAPPEARANCES, ARBITRARY DETENTIONS, TORTURE AND OTHER HUMAN RIGHTS VIOLATIONS, IN ORDER TO CARRY OUT URGENT ACTIONS. THE PERSON IN CHARGE OF THIS OFFICE SHALL BE AN OFFICER WHO WILL WORK DIRECTLY FOR THE PRESIDENT OF PERU. HE WILL BE IN CHARGE OF IMPLEMENTING AND SUPERVISING THE PERUVIAN GOVERNMENT'S POLICY ON HUMAN RIGHTS. ANY COMPLAINTS FOR ALLEGED VIOLATIONS CAN BE SUBMITTED BY ALL NATIONAL AND INTERNATIONAL HUMAN RIGHTS ORGANIZATIONS. THE PRESIDENTIAL OFFICE ON HUMAN RIGHTS WILL ALSO OPEN PUBLIC OFFICES TO RECEIVE COMPLAINTS AND REQUESTS FOR URGENT HUMANITARIAN ACTIONS. THIS OFFICE WILL HAVE THE AUTHORITY TO DIRECTLY COMMUNICATE WITH ALL PUBLIC INSTITUTIONS.

D. RELATIONS AMONGST THE DIFFERENT SECTORS SHOULD BE VERY WELL DEFINED, SPECIFYING THAT THE

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DELEGATION OF DUTIES DOES NOT IMPLY THAT THE RESPONSIBILITY AND THE AUTHORITY SHOULD BE SHARED.

E. THE APPLICATION OF THE RULES WHICH ARE ISSUED INVOLVE NOT ONLY THE GOVERNMENT, BUT SOCIETY AS A WHOLE.

F. THE PRESIDENT OF THE COUNCIL OF MINISTERS SHALL BE READY TO SUBMIT TO THE PRESIDENT OF PERU AN INITIAL REPORT OF THE REQUESTED STUDY IN WHICH THE METHODOLOGICAL AND GUIDING CRITERIA FOLLOWED SHOULD BE POINTED OUT.

SIGNED:

CARLOS TORRES Y TORRES LARA, PRESIDENT OF THE COUNCIL OF MINISTERS AND MINISTER OF FOREIGN AFFAIRS.

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SECSTATE WASHDC IMMEDIATE 1728
CIA WASHDC
CINCPAC HONOLULU HI
AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 02 SEOUL 01346

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USINFO FOR PGM/PPF/OPPEN, PGM/G, PGM/P, YOA, EA
USICA FOR MSC/RUTHERFORD PORTS
SECSTATE FOR EA/K, EA/P
TOKYO FOR YOA CORRESPONDENT
CINCPAC FOR ICA ADVISOR

E.O. 12065: N/A

SUBJECT: MEDIA REACTION - COVERING JAN. 31 -FEB. 2, 1981

SUMMARY: WEEKEND PAPERS AND MONDAY PMS ALL DEVOTED
HEAVIEST COVERAGE TO PRESIDENT CHUN'S US VISIT; WHICH
SPANNED THREE CITIES IN THIS PERIOD. PRESIDENT REAGAN'S
FIRST PRESS CONFERENCE ALSO RECEIVED WIDE COVERAGE.
THERE WAS RELATED SPECULATION ABOUT THE DETERIORATION
OF US-SOVIET RELATIONS. SECSTATE HAIG'S WARNING TO THE
SOVIETS ON POLAND WAS COVERED, AS WAS THE UPCOMING TEAM
SPIRIT 81 MILITARY EXERCISE. END SUMMARY.
PRESIDENT CHUN'S U.S. VISIT: MEDIA GAVE HEAVY COVERAGE
1/31 TO PRESIDENT CHUN'S ACTIVITIES IN L.A. AND HIS
ARRIVAL IN NEW YORK. AMS HIGHLIGHTED HIS IMPROMPTU
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SPEECH AT A RECEPTION HELD FOR THE KOREAN RESIDENTS

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IS/FPC/CDR Date: 7/26/96

MR Cases Only: EO Citations

TS authority: 101

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IN L.A., IN WHICH THE PRESIDENT SAID THAT HE WILL WELCOME DISSIDENTS TO THEIR HOMELAND WITHOUT CALLING THEM TO ACCOUNT FOR THEIR PAST ACTIVITIES AGAINST THE GOVERNMENT. THE PAPERS SAID THAT THE SPEECH GENERATED FAVORABLE REACTIONS AMONG THE KOREAN RESIDENTS, SERVING TO BRING UNITY IN KOREAN SOCIETY.

PMS PLAYED UP PRESIDENT CHUN'S SPEECH AT A RECEPTION HOSTED BY CHASE MANHATTAN BANK PRESIDENT ROCKEFELLER, IN WHICH HE SAID THAT THE KOREAN GOVERNMENT IS TAKING MEASURES TO ENCOURAGE FOREIGN INVESTMENT IN KOREA.

HANKUK ILBO EDITORIAL DESCRIBED PRESIDENT CHUN'S L.A. SPEECH AS VERY MOVING IN HIS APPEAL ON THE KOREAN RESIDENTS TO LOVE THE NATION.

2/1 AMS HEADLINED CHUN'S SPEECH AT THE US-KOREA ECONOMIC COUNCIL-HOSTED RECEPTION AND HIS VISIT TO UN SECRETARY GENERAL WALDHEIM. THE PAPERS SPECIALLY NOTED PRESIDENT CHUN'S CALL IN HIS SPEECH AT THE RECEPTION FOR THE U.S. TO OPEN THE U.S. MARKET WIDER FOR THE KOREAN GOODS AND BROADEN BILATERAL TRADE BETWEEN THE ROK AND THE U.S. 2/2/ JOONGANG ILBO EDITORIAL SAID, "PRESIDENT CHUN'S CALL FOR GREATER MUTUAL EFFORTS BY THE ROK AND THE U.S. TO COMPLEMENT EACH OTHER'S ECONOMIES AND INCREASE TRADE HAS APTLY DESCRIBED THE REALITY AND FUTURE DIRECTION OF THE ROK-US ECONOMIC COOPERATION."

PAPERS ALSO REPORTED THAT SECRETARY GENERAL WALDHEIM PROMISED HIS COOPERATION IN WORKING TOWARD INTER-KOREAN TALKS.

2/2 PMS TOP-HEADLINED PRESIDENT CHUN'S ACTIVITIES IN NEW YORK AND HIS ARRIVAL IN WASHINGTON.

PAPERS REPORTED THAT PRESIDENT CHUN FLEW FROM NEW YORK TO WASHINGTON EARLY MONDAY MORNING(KST), WAS GREETED

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BY SECSTATE HAIG AT THE AIRPORT AND WILL VISIT WHITE HOUSE TUESDAY FOR A SUMMIT TALKS WITH PRESIDENT REAGAN.

THE TWO CHIEF EXECUTIVES ARE EXPECTED TO ISSUE A JOINT STATEMENT ON TUESDAY AT 3 A.M. KST'

PRESIDENT REAGAN'S FIRST NEWS CONFERENCE RECEIVED PROMINENT INSIDE PAGE PLAY 1/31 PRO-GOV'T SEOUL SHINJUN HEADLINES READ: U.S. MOUNTS SEVERE VERBAL ATTACKS ON USSR; U.S. HAS NO PLAN TO TAKE REVENGE AGAINST IRAN;

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RESUMPTION OF ARMS LIMITATION TALKS DEPENDS ON SOVIET ATTITUDE.

2/1 #15 PROMINENTLY REPLAYED NEWS CONFERENCE AND FURIOUS REACTION FROM MOSCOW. STORIES SAID THAT OFFICIAL SOVIET NEWS AGENCY TASS SEVERELY CRITICIZED PRESIDENT REAGAN, CHARGING THAT HE INTENTIONALLY DISTORTED SOVIET FOREIGN POLICY. ALSO THAT THE DIPLOMATIC WRANGLINGS BETWEEN THE TWO SUPER POWERS CAUSED RAPID DETERIORATION IN U.S.-SOVIET RELATIONS.

ALL 2/2 PMS INSIDEPAGED WIRE REPORTS THAT THE SOVIET PRESS CONTINUED TO MOUNT SEVERE CRITICISM OF THE REAGAN ADMINISTRATION'S HARDLINE POLICY. PRO-GOV'T KYUNGHYANG SHINMUN EDITORIAL ENTITLED, "RAPID DETERIORATION IN US-SOVIET RELATIONS," COMMENTED, "WITH THE REAGAN ADMINISTRATION TURNING TO A HARDLINE POLICY TOWARD THE USSR, EAST-WEST RELATIONS APPEAR TO BE QUICKLY DETERIORATING AND INTERNATIONAL TENSION HEIGHTENING. THE REAGAN ADMINISTRATION'S NEW POLICY SHIFT, HOWEVER,

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MUST BE VIEWED AS AN EFFORT TO RECOVER THE U.S. POSITION AND VOICE AS THE LEADER OF THE FREE WORLD. WE HAVE HIGH EXPECTATIONS OF THE REAGAN ADMINISTRATION'S FOREIGN POLICY, EMPHASIZING THE RENEWAL OF A STRONG AND GLORIOUS AMERICA. WE BELIEVE THIS FIRM AND UNFLINCHING POLICY WILL ALSO SERVE TO FORESTALL THE NORTH KOREAN AGGRESSIVE MANEUVERINGS IN THE KOREAN PENINSULA."

HAIG WARNING ON POLAND: AM HANKUK ILBO INSIDE-PAGED SECSTATE HAIG'S WARNING TO MOSCOW THAT ANY SOVIET INTERVENTION IN POLAND WOULD CRITICALLY IMPAIR EAST-WEST AND U.S.-SOVIET REALTIONS.

TEAM SPIRIT 1981 EXERCISE: HANKUK ILBO FRONT-PAGED THE BEGINNING 2/1 OF THE COMBINED ROK-US MILITARY EXERCISE DUBBED "TEAM SPIRIT 81." THE PAPER REPORTED THAT THIS EXERCISE WILL BE PARTICIPATED IN BY 161,500 MEN FROM FIVE KOREAN AND U.S. DIVISIONS, 46 NAVAL SHIPS AND 700 AIRPLANES.

ALL 2/2 PMS CONTINUED FRONT PAGE COVERAGE AND INSIDE PAGED SPECIAL FEATURE STORIES ABOUT THE EXERCISE. DONGA ILBO SAID THAT THE EXERCISE HAS A SPECIAL SIGNIFICANCE

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IN THAT IT IS BEING CONDUCTED SHORTLY AFTER THE INAUGURATION OF THE NEW ADMINISTRATION IN WASHINGTON.

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AND THAT IT CAN BE VIEWED AS A DISPLAY OF THE REAGAN
ADMINISTRATION'S FIRM DETERMINATION TO DEFEND KOREA.
DOBRYNIN'S PARKING PLACE: PAPERS ALSO INTERPRETED THE
DISCONTINUATION OF SOYAMB DOBRYNIN'S UNIQUE DOS
BASEMENT PARKING LOT PRIVILEGES AS A SIGN OF DETERIORAT-
ING US-SOVIET RELATIONS. LEE

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CINCPAC FOR POLAD

EO 12065: RDS-3 2/12/91 (ARMACOST, MICHAEL)

TAGS: OVIP, PINT, KS, SHUM, UNHRC, EFIN, US, JA, EAGR, KN,
SOPN, PEPR, UR, CH

SUBJ: WEEKLY STATUS REPORT - KOREA

TO: EA - MR. ARMACOST, ACTING

FROM: EA/K - ROBERT G. RICH

1. INTEREST IN CHUN VISIT (L.O.U.)

INTEREST IN THE CHUN VISIT CONTINUES TO RUN HIGH. SINCE OUR
LAST REPORT BILL OR I HAVE BRIEFED EMBASSY OFFICERS FROM
EGYPT, SINGAPORE, YUGOSLAVIA, SWITZERLAND, SWEDEN, TURKEY
AND CHINA. THERE WAS CONSIDERABLE INTEREST IN PUBLIC HINTS
OF INCREASED MILITARY ASSISTANCE AND POTENTIAL SALE OF THE

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F-16, WHICH WE EXPLAINED HAD BEEN ON THE BOOKS SINCE 1977.

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THE CHINESE EMBASSY APPEARED TO TREAT THE VISIT WITH EQUANIMITY, AND ONLY NOTED THAT THE US AND CHINA HAD PARALLEL INTERESTS IN PREVENTING WAR ON THE KOREAN PENINSULA AND IN ENSURING THAT THE TWO KOREAN PARTIES TRY TO RESOLVE ISSUES BETWEEN THEMSELVES. (BREER/RICH)

2. THE KOREANS ELECT PRESIDENTIAL ELECTORS (CONF)

PRESIDENT CHUN'S DEMOCRATIC JUSTICE PARTY (DJP), AS ANTICIPATED, SEEMS TO HAVE GARNERED THE LION'S SHARE OF PRESIDENTIAL ELECTORS IN THE FEBRUARY 11 ELECTION FOR SEATS IN THE 5,278 MAN ELECTORAL COLLEGE. PROBABLY IN ANTICIPATION OF SUCH A LANDSLIDE, ONLY 80 PERCENT OF THE ELIGIBLE VOTERS TURNED OUT. (OVER 95.5 PERCENT VOTED TO APPROVE THE NEW CONSTITUTION IN OCTOBER.)

WITH 88 PERCENT OF THE VOTE TALLIED, 64 PERCENT ARE PRO-CHUN. ACTUALLY THE DJP'S BIGGEST WORRY HAD BEEN WHETHER THE PARTY WOULD WIN TOO MANY ELECTORS. THE CAMPAIGN HAS BEEN DESULTORY AT BEST, AND MOST OF THE PARTIES HAVE VIEWED IT PRIMARILY AS A WARM-UP FOR THE COMING PARLIAMENTARY ELECTIONS NEXT MONTH WHICH WILL DETERMINE THE SHAPE OF PARTY POLITICS FOR THE NEXT FEW YEARS. (ASHLEY)

3. KOREA AND THE UN COMMISSION ON HUMAN RIGHTS (CONF)

WE NEGOTIATED WITH IO AND HA THIS WEEK A REVISED INSTRUCTION FOR THE US DELEGATION AT THE UN HUMAN RIGHTS COMMISSION MEETING CURRENTLY UNDERWAY IN GENEVA. THE NEW INSTRUCTIONS REMOVE MUCH OF THE JUDGMENTAL DETAIL, BUT AUTHORIZE OUR DELEGATION TO CONCUR IN KEEPING THE SITUATION

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TION IN KOREA UNDER CONFIDENTIAL REVIEW FOR ANOTHER YEAR. THIS IS THE RECOMMENDATION OF THE HRC WORKING GROUP (OF WHICH THE U.S. IS NOT A MEMBER). WE NOTE THAT THE CHUN GOVERNMENT IS STILL ESTABLISHING ITS RECORD ON HUMAN RIGHTS, AND THE KEY INSTRUCTION TO OUR DELEGATION IS THAT IT SHOULD NOT TAKE THE LEAD ON ANY DISCUSSION OF THE ROK BUT SHOULD SEEK TO AVOID ANY EXTREME CRITICISM OR ACTION BY THE HRC. (RICH)

4. TREASURY INACTION ON GULF TAX CASE (CONF)

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SINCE LAST FALL WE HAVE BEEN TRYING TO ELICIT A DEFINITIVE TREASURY POSITION ON GULF OIL COMPANY'S ASSERTION THAT KOREA INCORRECTLY WITHHELD MORE THAN \$20 MILLION FOR KOREAN TAXES ON GULF'S CAPITAL GAINS ACCRUED FROM THE SALE OF ITS INTEREST IN A KOREAN REFINERY. GULF CLAIMS, AND WE THINK THEY HAVE A POINT, THAT THE TAXES SHOULD BE PAID TO THE U.S.. TREASURY EXCHANGED LETTERS WITH KOREA'S MINISTRY OF FINANCE, REFERRED THE ISSUE TO IRS, AND PLANS RATHER CASUALLY TO REVIEW THE ISSUE WITH THE NEW ASSISTANT SECRETARY OF TREASURY. WE PLAN TO REVIEW THE MATTER WITH THE KOREAN EMBASSY HERE IN TERMS OF

POTENTIAL DAMAGE TO FOREIGN INVESTMENT IN KOREA, AND NUDGE TREASURY AGAIN. (RICHMOND)

5. RICE (CONF)

AN ENTIRE WEEK HAS PASSED WITHOUT CALLS FROM CONNELL OR THE RICE MILLERS ASSOCIATION (RMA). EVIDENTLY, THEY ARE SPENDING THEIR TIME PROMOTING THEIR STORY AT USDA, WITH THE MEDIA AND ON THE HILL. WE HAVE HAD CALLS FROM BUSINESS WEEK AND OTHER PUBLICATIONS WHICH HAD BEEN ASKED BY THE RMA TO PUBLISH STORIES ABOUT THE DIFFICULTIES FACED BY OUR RICE INDUSTRY. WE ARE INCREASINGLY CONCERNED THAT THE RMA AND ITS SUPPORTERS MAY TRY TO USE THE

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FEBRUARY 26 HOUSE AGRICULTURE SUBCOMMITTEE ON RICE AND SUGAR HEARINGS IN A WAY WHICH COULD JEOPARDIZE OUR SHARE OF KOREAN AGRICULTURAL IMPORTS. COORDINATION WITH EB IS GOING WELL. WE HOPE TO HAVE FULLY COORDINATED RESPONSES SOON TO THE LETTERS FROM CONGRESSMEN BREAUX AND THOMAS. ANOTHER ISSUE IS HOW WE RESPOND TO CONGRESSMAN BOWEN'S REQUEST FOR THE FILE OF CABLE TRAFFIC. WE LEAN TOWARD ACCESS BUT NOT TURNOVER OF THE DOCUMENTS. THIS MAY BE A PRECEDENT-SETTING CASE FOR THE NEW ADMINISTRATION. (RICHMOND/RICH)

6. STICKS AND STONES . . . (L.O.U.)

NORTH KOREA HAS CONTINUED AND EXPANDED ITS PROPAGANDA ATTACK ON PRESIDENT REAGAN, CALLING HIM A "CLOWN", AN "OLD WOLF" AND "A GANGSTER ON THE THEATRICAL STAGE."

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NORTH KOREAN PROPAGANDA INVARIABLY ESCALATES DURING THE ANNUAL "TEAM SPIRIT" EXERCISE IN THE ROK, BUT THE COINCIDENCE OF PRESIDENT CHUN'S VISIT WITH THIS YEAR'S "TEAM SPIRIT" HAS FORCED NORTH KOREAN PROPAGANDISTS TO GRASP FOR EVER MORE COLORFUL ADJECTIVES. SOVIET AND NORTH KOREAN PROPAGANDA ON THE THEME OF U.S. PERFDY HAS BEEN VERY MUCH IN TUNE RECENTLY, WHILE THE SILENCE FROM THE CHINESE HAS BEEN ALMOST DEAFENING. (RASHUSSEN)

7. NON-ALIGNED MOVEMENT SHELVES KOREAN ITEM (UNCL)

NORTH KOREA HAS WITHDRAWN ITS REQUEST TO HAVE A KOREAN ITEM ON THE AGENDA AT THE NAM MINISTERIAL MEETING IN NEW DELHI. INDIA HAD PROPOSED A NON-CONTROVERSIAL RESOLUTION ON KOREA WHICH WAS MUCH LESS SUPPORTIVE OF THE NORTH KOREAN POSITION THAN PREVIOUS NAM RHETORIC. APPARENTLY REALIZING THAT IT DID NOT HAVE SUFFICIENT SUPPORT TO GET
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A PRO-PYONGYANG RESOLUTION PASSED, NORTH KOREA REQUESTED THAT KOREA BE DROPPED FROM THE AGENDA. SEOUL

THAT ILLUSTRATES GROWING SUPPORT FOR THE ROK IN THE NAM. MORE REALISTICALLY, IT PROBABLY REFLECTS NAM RELUCTANCE TO BEAT THE 30 YEAR-OLD KOREAN HORSE AGAIN AT A TIME WHEN AFGHANISTAN, KAMPUCHEA AND IRAN-IRAQ QUESTIONS ARE OBVIOUSLY OF MORE PRESSING CONCERN. (RASHUSSEN)

8. THE SELLING OF THE "KORYO CONFEDERATION" (L.O.U.)

KIM IL SUNG'S SPEECH TO THE PARTY CONGRESS ON HIS 10-POINT POLICY FOR THE ESTABLISHMENT OF THE DEMOCRATIC CONFEDERAL REPUBLIC OF KORYO WAS SERIALIZED IN TWO QUARTER PAGE ADS IN THE WASHINGTON POST THIS WEEK. NORTH KOREA'S MOTIVE FOR PLACING THE AD, WHICH PALED IN COMPARISON TO THE SEVEN FULL-PAGE ADS WELCOMING PRESIDENT CHUN LAST WEEK, ARE UNCLEAR, BUT SOME OBSERVERS HAVE SUGGESTED PYONGYANG MIGHT HAVE THE MISTAKEN IDEA THAT THE AMERICAN PUBLIC WOULD ACTUALLY READ SUCH ADVERTISING. (THE PRINT IS FINER THAN IN STATE'S TELEGRAMS.) WE HAVE ASKED TREASURY TO MAKE CERTAIN THAT SELLING SUCH SPACE DOES NOT VIOLATE ANY OF THE REGULATIONS FORBIDDING FINANCIAL TRANSACTIONS WITH NORTH KOREA. (RASHUSSEN) HAIG

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~~CONFIDENTIAL~~ SECTION 01 OF 04 SANTIAGO 01748

E.O. 12356: DECL: OADR

TAGS: PGOV, MASS, IR, CI

SUBJ: "IRAN-CORFO" SCANDAL

REF: SANTIAGO 1544

1. (C) SUMMARY: THE CHILEAN MEDIA HAS FOCUSED ATTENTION ON A CURIOUS PINOCHET REGIME "SCANDAL" INVOLVING EMBARRASSING ALLEGATIONS ABOUT 1985-86 GOC ATTEMPTS TO SELL CLUSTER BOMBS TO IRAN. IT IS A TALE REplete WITH INTRIGUE, THEFT, DOUBLE CROSSES AND BACKROOM MULTI-MILLION DOLLAR SHADY DEALS. TERMED THE "IRAN-CORFO" AFFAIR, THE SCANDAL PROVIDES A FASCINATING LOOK INTO GOC VENTURES INTO THE INTERNATIONAL ARMS MARKET, AND ITS ALLEGED TOXIC WASTE PLANT CONCESSION IN NORTHERN CHILE TO A FRENCH ARMS DEALER IN EXCHANGE FOR

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HIS BROKERAGE SERVICES. ENTERPRISING PRESS ATTEMPTS TO LINK THE USG TO SOME OF THE TRANSACTIONS ARE NOT SUBSTANTIATED BY THE DETAILED DOCUMENTATION, AND THE INVOLVED DBTAILS OF THE AFFAIR HAVE FOR THE MOST PART BEEN LOST ON THE CHILEAN PUBLIC. ALTHOUGH PINOCHET'S REPUTATION HAS BEEN FURTHER ERODED, THE INCOMING GOVERNMENT, CONCERNED WITH THE MORE IMPORTANT POST-PINOCHET ISSUES AT HAND, DOES NOT APPEAR WILLING TO MAKE MUCH POLITICAL HAY OUT OF THE INCIDENT. END SUMMARY.

2. (C) DETAILS SURROUNDING THE CHILEAN ARMY'S DISASTROUS EFFORTS TO SELL CLUSTER BOMBS AND F-5 AIRCRAFT TO IRAN HAVE RECEIVED EXTENSIVE PRESS PLAY IN THE CHILEAN MEDIA. TERMED THE "IRAN-CORFO" SCANDAL BY THE LOCAL

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PRESS, THE REPORTS ALLEGE THAT SENIOR PINOCHET ADMINISTRATION OFFICIALS MANUFACTURED AND SOLD IRAN DEFECTIVE CLUSTER BOMBS, AND THEN, IN AN ATTEMPT TO COMPENSATE BERNARD STROIAZZO, AN INTERNATIONAL ARMS MERCHANT WHO BROKERED THE DEAL, AWARDED A MULTI-MILLION DOLLAR CONCESSION TO CONSTRUCT A TOXIC WASTE RECYCLING PLANT ON CHILEAN TERRITORY. THE CHILEAN PUBLIC'S OUTCRY AGAINST PLANS FOR A SIMILAR PLANT AND PINOCHET'S OWN POLITICAL CAMPAIGN TO REMAIN IN POWER LED THE GOC TO RENEGE ON THE DEAL. STROIAZZO RESPONDED BY INITIATING A REPORTED U.S. DOLLARS 500 MILLION CIVIL SUIT AGAINST THE CHILEAN NATIONAL DEVELOPMENT CORPORATION (CORFO), WHICH NEGOTIATED THE DEAL, AND BY GOING PUBLIC WITH THE DETAILS OF THE STORY.

3. (C) CHRISTIAN DEMOCRATIC (PDC)-LINKED RADIO COOPERATIVA BROKE THE "IRAN-CORFO" STORY IN EARLY FEBRUARY. IT WAS LATER FEATURED IN THE MAJOR SANTIAGO

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DAILIES "LA EPOCA" (A REPRINT OF SPANISH DAILY "EL MUNDO'S" FIVE PART STORY) AND LEADING CONSERVATIVE DAILY "EL MERCURIO," AS WELL AS BY SEVERAL WEEKLY MAGAZINES, INCLUDING PDC-ORIENTED "HOY."

TOLD POLOFFS HE RECEIVED THE DETAILS OF THE STORY LAST DECEMBER. HE RESPECTED STROIAZZO'S REQUEST NOT TO BREAK IT PENDING THE OUTCOME OF STROIAZZO'S NEGOTIATIONS WITH THE CHILEAN AUTHORITIES. STROIAZZO APPARENTLY SOUGHT TO OBTAIN BARGAINING LEVERAGE WITH THE GOC IN SUPPORT OF HIS MULTI-MILLION DOLLAR CLAIM.

4. (U) THE PLOT: A CHRONOLOGY OF THE "IRAN-CORFO" AFFAIR AS REPORTED IN THE MEDIA, BASED LARGELY ON STROIAZZO'S ACCOUNT, FOLLOWS:

--SOMETIME IN THE MID-1980'S, THE CHILEAN ARMY MILITARY INDUSTRIES FACTORY (FAMAE) STEALS THE EXCLUSIVE TECHNOLOGY FOR MANUFACTURING CLUSTER BOMBS FROM CHILEAN ARMS CZAR CARLOS CARDON'S MULTINATIONAL FIRM (CARDON WAS ALREADY SELLING CLUSTER BOMBS TO IRAQ AND CONTINUES TO PURSUE A CIVIL CASE AGAINST FAMAE FOR PATENT INFRINGEMENT) AND BEGINS MANUFACTURE OF THEM.

--IN OCTOBER 1985, FERRIMAR, A FAMAE AFFILIATED COMPANY, AGREES TO SELL IRAN 500 CLUSTER BOMBS AT U.S. DOLLARS 14,000 EACH (COST TO CHILEANS WAS U.S. DOLLARS 2,500 PER BOMB). THE IRANIANS INITIAL SEVEN MILLION DOLLAR PAYMENT IS DIVIDED AMONG FERRIMAR AND A NUMBER OF MIDDLEMEN INVOLVED IN THE SALE.

--DURING EARLY 1986 ON TWO SEPARATE TEST RUNS IN IRAN, THE CLUSTER BOMBS PROVE DEFECTIVE, DESTROYING ONE IRANIAN

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C O N F I D E N T I A L SECTION 02 OF 04 SANTIAGO 01748

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PHANTOM JET AND NEARLY KILLING THE HEAD OF THE IRANIAN AIR FORCE WHO PARTICIPATED IN THE DEMONSTRATION. AFTER THE SECOND INCIDENT, THE IRANIAN AUTHORITIES TAKE MIDDLEMAN STROIAZZO AND SEVERAL CHILEAN TECHNICIANS HOSTAGE PENDING FINANCIAL COMPENSATION FOR IRANIAN LOSSES.

--IN SPRING OF 1987, THE GOC OFFERS TO REPLACE DESTROYED IRANIAN F-4 JET WITH A CHILEAN F-5 ON CONDITION THAT IRAN PURCHASE AN ADDITIONAL U.S. 200 MILLION DOLLAR PACKAGE OF WEAPONS INCLUDING MORE CLUSTER BOMBS AND 15 ADDITIONAL F-5 AIRCRAFT. THE DEAL IS COMPLICATED BECAUSE THE CHILEANS ARE UNABLE TO SECURE USG AUTHORIZATION FOR F-5

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SALE.

--IN SEPTEMBER 1987, FAMAE HEAD, COLONEL CARLOS CARRENO, IS MYSTERIOUSLY KIDNAPPED BY THE MANUEL RODRIGUEZ PATRIOTIC FRONT (FPMR) TERRORIST GROUP THREE DAYS BEFORE LEAVING FOR TEHRAN FOR DISCUSSIONS ON FINALIZING THE F-5 DEAL, ALLEGEDLY BY COVERT MEANS. THE F-5 DEAL FALLS APART. CARRENO APPEARS THREE MONTHS LATER IN BRAZIL UNHARMED, ROSARY IN HAND, UNWILLING TO PROVIDE DETAILS OF HIS ABDUCTION.

--STROIAZZO ESCAPES FROM CAPTIVITY IN AUGUST 1987. SHORTLY THEREAFTER, HE BEGINS NEGOTIATIONS WITH CHILEAN AUTHORITIES FOR FINANCIAL COMPENSATION FOR IRAN AND FOR HIMSELF. GENERAL HUGO SALAS, THEN HEAD OF THE CHILEAN INTERNAL SECURITY APPARATUS, THE NATIONAL INFORMATION

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CENTER (CNI), ENTERS THE PICTURE IN MID-1988 BY OFFERING STROIAZZO A MULTI-MILLION DOLLAR CONCESSION IN THE NORTHERN CHILEAN DESERT FOR THE CONSTRUCTION OF A TOXIC WASTE RECYCLING PLANT, AS THE BASIS FOR A "NEGOTIATED" SOLUTION TO THE CLUSTER BOMB COMPLICATIONS.

--IN DECEMBER 1988, STROIAZZO SIGNS A "PRE-CONTRACT" WITH THE CHILEAN NATIONAL DEVELOPMENT CORPORATION (CORFO) FOR CONSTRUCTION OF THE PLANT. PUBLIC OUTCRY AGAINST A SIMILAR WASTE PLANT IN THE NORTH ALERTS GOVERNMENT ON "SENSITIVITY" OF THE ISSUE; ELECTORAL CONCERNS BEFORE THE OCTOBER 1988 PLEBISCITE AND AFTERWARDS THE DECEMBER 1989 PRESIDENTIAL ELECTION LEAD GOC TO BACK AWAY FROM THE AGREEMENT WITH STROIAZZO.

--IN FEBRUARY 1990, STROIAZZO, GETTING NOWHERE WITH NEGOTIATIONS, FILES MULTIMILLION DOLLAR LEGAL SUIT

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(DAMAGES REPORTEDLY INCLUDE THE 492 MILLION DOLLARS PROJECTED PROFITS IN THE WASTE PLANT PROJECT PLUS COMPENSATION FOR HIS EIGHTEEN MONTHS OF INCARCERATION).
5. (U) THE CAST OF CHARACTERS: BASED PRIMARILY ON STROIAZZO'S ACCOUNT AND THE DOCUMENTATION HE RELEASED TO VILLARDEL THE PRINCIPAL PLAYERS, BESIDES STROIAZZO, INCLUDE:

--DINO SEFERIAN: A ROMANIAN-ARGENTINIAN OF ARMENIAN ORIGIN, SEFERIAN IS THE PRESIDENT OF SPANISH FIRMS CIC INTERNATIONAL AND CIC IBERIA, KNOWN PLAYERS IN THE INTERNATIONAL ARMS TRADE. IN MID-1985, SEFERIAN SETS UP FERRIMAR INTERNATIONAL (A PARTNERSHIP BETWEEN HIMSELF AND FERRIMAR) TO ACT AS AN AGENT FOR FERRIMAR'S SALES TO IRAN.

--FERNANDO PEREZ GARCIA: DIRECTOR GENERAL OF MILTEC, A CHILEAN FIRM DEDICATED TO SELLING FERRIMAR PRODUCTS. PEREZ WAS INSTRUMENTAL IN ARRANGING A LETTER OF GUARANTEE FOR FERRIMAR FROM CORFO (SEE BELOW) AFTER THE BANK OF CHILE REFUSED THE 2 BILLION US DOLLAR LETTER OF CREDIT REQUIRED FOR THE EXPORT OF BOMBS TO IRAN. WHEN THE IRANIANS MAKE THEIR INITIAL PAYMENT OF 7 MILLION DOLLARS, MILTEC KEEPS THE LION'S SHARE. BESIDES STROIAZZO, PEREZ IS THE MOST VISIBLE PARTICIPANT IN THE IRAN-CORFO AFFAIR.

--COLONEL WALTER DORNER: CHILEAN ARMY OFFICER HIRED BY MILTEC TO SECURE CORFO LETTER OF GUARANTEE. DORNER IS CLOSE FRIENDS WITH COLONEL GUILLERMO LETELIER, WHO REPLACES FERNANDO HORMAZABAL AS CORFO VICE PRESIDENT SHORTLY AFTER THE BANK RECEIVES THE GUARANTEE. (IT IS LATER DISCOVERED THAT HORMAZABAL'S SIGNATURE ON THE LETTER IS FRAUDULENT. AN EMPLOYEE OF THE BANK OF CHILE

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IS FIRED, BUT THE ISSUE FAILS TO DERAIL THE PROJECT.)

--COLONEL GUILLERMO LETELIER: BESIDES HIS ROLE IN THE FINANCING OF THE PROJECT, LETELIER WILL LATER PROVIDE STROIAZZO WITH THE TOXIC WASTE PLANT CONCESSION IN HIS CAPACITY AS VICE-PRESIDENT OF CORFO. THE "EL MUNDO" ARTICLE SUGGESTS THAT LETELIER ACTED UNDER DIRECT ORDERS FROM GENERAL HUGO SALAS, THE THEN DIRECTOR OF CNI.

--GENERAL HUGO SALAS: IT IS NOT CLEAR WHY SALAS BECAME INVOLVED. HE CONTACTED STROIAZZO IN JULY 1988 AND INVITED HIM TO CHILE FOR A DISCUSSION OF THE MATTER.

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SALAS ALLEGEDLY SAW THE TOXIC WASTE PLANT AS A CONVENIENT WAY TO COMPENSATE STROIAZZO (AND KEEP HIM QUIET) AND REIMBURSE THE IRANIANS.

--LIEUTENANT COLONEL CARLOS CARRENO: CARRENO WAS BUSINESS MANAGER OF FAMA E WHEN HE FIRST MET STROIAZZO IN MARCH 1986. AFTER STROIAZZO IS TAKEN HOSTAGE, CARRENO ATTEMPTS TO REPLACE THE FRENCHMAN WITH BERNARD VAN DE MEER, A CHILEAN RESIDENT IN LONDON WHO IS THE SON-IN-LAW OF GENERAL RAMON VEGA, THE SECOND RANKING OFFICER IN THE CHILEAN AIR FORCE. IT IS CARRENO WHO, IN A JULY 1987 SANTIAGO MEETING WITH STROIAZZO AND AN IRANIAN REPRESENTATIVE, PRESENTS THE PROPOSAL TO SELL THE IRANIANS 15 F-5S IN ADDITION TO THE F-5 REPLACEMENT FOR THE LOST IRANIAN PHANTOM. ACCORDING TO THE "EL MUNDO"

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 ARTICLE, CARRENO'S OFFER WAS: ANYTHING BUT FIRE. THE SALE OF CHILEAN F-5S TO IRAN, LABELED OPERATION FOXTROT, HAD OPENED UP A BIG DEBATE WITHIN THE CHILEAN AIR FORCE; THOSE OFFICERS CLOSEST TO PINOCHET REPORTEDLY FAVOR THE SALE, WHILE OTHERS OPPOSE REDUCING CHILEAN AIR STRENGTH BY 40 PERCENT AND COMPLETELY BREAKING TIES WITH THE U.S. PENTAGON. EVEN THOUGH THE F-5 NEGOTIATIONS WERE PRETTY MUCH DEAD IN JUNE 1987, CARRENO CONTINUES TO PUSH THE DEAL ALL SUMMER. IN AUGUST 1987, CARRENO PROMISES TO TRAVEL TO IRAN PERSONALLY TO CLOSE THE DEAL. MEANWHILE U.S. OFFICIALS, LEARNING OF THE NEGOTIATIONS, BEGIN TO PRESS THE GOC. OPPONENTS TO THE F-5 SALE WITHIN THE GOC ARE SUCCESSFUL IN BLOCKING THE DEAL. CARRENO'S KIDNAPPING IN SEPTEMBER 1988 DEFINITELY DERAILS THE DEAL.

--CESAR HIDALGO AND JAIME ALONSO: HIDALGO, A CHILEAN, AND ALONSO, A SPANISH LAWYER WITH TIES TO A SPANISH

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 FACIST ORGANIZATION NEW FORCE, CONTACT STROIAZZO IN MID-1988 AND OFFER TO USE THEIR HIGH LEVEL CONTACTS IN THE GOC TO ARRANGE COMPENSATION. HIDALGO AND ALONSO REPORTEDLY EXPLAIN THEIR INTEREST IN THE CASE AS A WAY OF GENERATING FUNDS TO SUPPORT CERTAIN ELEMENTS IN THE CHILEAN MILITARY. THE ARTICLES SUGGEST THAT HIDALGO WAS KEY IN BRINGING GENERAL SALAS INTO THE PICTURE. WHEN STROIAZZO SETS UP "WERE," THE COMPANY WHICH WILL CONSTRUCT THE TOXIC WASTE PLANT, HIDALGO AND ALONSO ARE GIVEN 50 PERCENT OF ITS OWNERSHIP.

--PEDRO FELIX DE AGUIRRE: A CHILEAN LAWYER. AGUIRRE AND PEREZ MEET WITH STROIAZZO IN OCTOBER 1989 AND PROPOSE TO NEGOTIATE OPERATION FOXTROT AND WERE'S CONCESSION FOR US 25 MILLION DOLLARS. AGUIRRE AND PEREZ ASSURE STROIAZZO THAT THEY ARE SUPPORTED BY HIGH RANKING CHILEAN MILITARY FIGURES CLOSE TO PINOCHET INCLUDING, GENERAL JORGE BALLERINO, GENERAL JAIME LUCAR, AND BRIGADIER GENERAL GUILLERMO GARIN.

6. (U) THICKENING THE PLOT: JOURNALISTS COVERING THE STORY HAVE ATTEMPTED TO LINK CHILEAN/IRANIAN TRANSACTIONS TO USG DEALINGS WITH IRAN DURING SAME PERIOD. FOR INSTANCE, THEY ALLEGE THE CHILEANS USED THE SAME BOEING 707 PLANE THAT DELIVERED USG WEAPONS TO IRAN TO TRANSPORT THEIR CLUSTER BOMB CARGO TO THE IRANIANS, AND THAT STROIAZZO, AND HIS CHILEAN ASSOCIATES MET IN TEHRAN (TO INFORM THEM OF THEIR OPERATION) WITH COLONEL OLIVER NORTH AND NSC ADVISOR ROBERT MCFARLANE, TO SECURE RELEASE OF U.S. HOSTAGES. THE "IRAN-CORFO" STORY IS REplete WITH MELODRAMATIC "IRAN-CONTRA" ANECDOTES, TALES OF POWER STRUGGLES WITHIN THE CHILEAN ARMED FORCES AND REPORTS

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E.O. 12356: DECL: OADR

TAGS: PGOV, MASS, IR, CI

SUBJ: "IRAN-CORFO" SCANDAL

THAT THE U.S. STATE DEPARTMENT PRESSURED THE GOC NOT TO SELL IRAN F-5 AIRCRAFT. ASIDE FROM THE INTRIGUE AND INSIGHT INTO CHILEAN ARMY MACHINATIONS AND DOUBLE DEALINGS, HOWEVER, THE ARTICLE REVEALS LITTLE BEYOND WHAT WAS PREVIOUSLY PUBLISHED PIECEMEAL ABOUT THE CLUSTER BOMB SALES TO IRAN AND THE GOC'S APPARENT WILLINGNESS TO "GIVE AWAY" NATIONAL TERRITORY FOR A TOXIC WASTE PLANT.

7. (C) WITH THE PINOCHET REGIME PULLING OUT ALL THE STOPS TO CAST PINOCHET'S MANDATE IN A FAVORABLE LIGHT, THE "IRAN-CORFO" REVELATIONS HAVE BECOME YET ANOTHER EXAMPLE OF PINOCHET-ERA EXCESSES. EVEN SO, THERE HAS

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BEEN NO DISCERNIBLE PUBLIC OUTCRY OVER THE INCIDENT, PERHAPS BECAUSE THE STORY BROKE DURING THE TRADITIONALLY SLOW SUMMER VACATION. JOURNALIST [REDACTED] BELIEVES THAT "IRAN-CORFO" IS JUST THE TIP OF THE ICEBERG, WITH MORE DAMAGING REVELATIONS OF PINOCHET-ERA MISBEHAVIOR TO COME. HE OPINED THAT THERE WOULD BE CONSIDERABLE PRESSURE ON THE INCOMING GOVERNMENT TO INVESTIGATE THIS AND OTHER IMPROPRIETIES.

8. (C) [REDACTED] TOLD POLOFF HE IS UNCONCERNED ABOUT STROIAZZO'S PENDING LAWSUIT AGAINST CORFO. ACCORDING TO [REDACTED], CORFO'S PLANS TO BUILD A TOXIC RECYCLING WASTE PLANT IN NORTHERN CHILE SHOULD BE CONSIDERED APART FROM PINOCHET'S CLUSTER BOMB SALES TO IRAN. HE BELIEVES THERE NEVER WAS A

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BINDING LEGAL CONTRACT BETWEEN STROIAZZO AND THE GOC. ALTHOUGH STROIAZZO IS EXPECTED TO PURSUE HIS SUIT, [REDACTED] INDICATED DEFENSE EXPENSES WILL NOT IMPACT ON CORFO'S BUDGET. [REDACTED] AVERRED THAT THE AYLWIN GOVERNMENT WOULD JUST ASSUME THE ISSUE HAS GONE AWAY. THE INCOMING GOVERNMENT HAS MORE IMPORTANT BUSINESS TO TAKE CARE OF.

9. (C) CARDOEN ANGLE: ONE INTERESTING ANGLE IN THIS CASE IS ARMS CZAR CARLOS CARDOEN'S VESTED INTEREST IN PROMOTING STROIAZZO'S CASE AGAINST THE GOC. CARDOEN'S PENDING LAWSUIT AGAINST THE GOC FOR PATENT INFRINGEMENT BELIE HIS CLOSE PERSONAL AND BUSINESS RELATIONSHIPS WITH THE REGIME. ALTHOUGH THE "EL MUNDO" ARTICLE SUGGESTS THAT CARDOEN WAS ATTEMPTING TO SELL CLUSTER BOMBS TO IRAN IN 1985, IT WOULD HAVE BEEN DIFFICULT FOR CARDOEN TO SELL HIS CLUSTER BOMBS TO BOTH SIDES. IT IS CONCEIVABLE THAT HE MAY HAVE ATTEMPTED TO DO SUCH A DEAL INDIRECTLY

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THROUGH THE GOC. IF THIS WAS THE CASE, CARDOEN'S LAWSUIT AGAINST THE GOC MAY BE NOTHING MORE THAN A FRONT FOR RECOVERING SOME OF HIS LOSSES. A SHREWD BUSINESSMAN, CARDOEN HAS BEEN BUILDING BRIDGES FOR SOME TIME TO THE OPPOSITION. ACCORDING TO [REDACTED]

[REDACTED] CARDOEN DONATED ONE MILLION DOLLARS TO THE PDC DURING THE CAMPAIGN, AND COULD CONCEIVABLY ENCOURAGE THE INCOMING GOVERNMENT TO PURSUE ITS INVESTIGATION INTO THE MATTER. [REDACTED]

[REDACTED] SAID THAT HE FOUND CARDOEN AND ABELIUK, THE LATTER A RANKING MEMBER OF THE CHILEAN SOCIAL DEMOCRATIC PARTY, SUSPICIOUSLY WELL VERSED ABOUT THE IRAN-CORFO AFFAIR, SUGGESTING NOT ONLY THAT CARDOEN WAS WELL PLUGGED INTO THE CHILEAN SOCIAL DEMOCRATIC PARTY BUT THAT HE HAD A HIDDEN AGENDA THAT WENT BEYOND EMBARRASSING THE PINOCHET REGIME.

10. (C) COMMENT: THE "IRAN-CORFO" AFFAIR PROVIDES INTERESTING INSIGHT INTO THE PINOCHET REGIME'S VENTURE INTO THE SHADDOY WORLD OF INTERNATIONAL ARMS TRAFFICKING. THE POLITICAL FALLOUT FROM IT HAS SOME POTENTIAL FOR DAMAGING PINOCHET'S AND OTHER ELEMENTS OF THE ARMED FORCES' IMAGE, BUT THE INCOMING GOVERNMENT DOES NOT APPEAR PARTICULARLY INTERESTED IN ACTIVELY PURSUING THE MATTER. GILLESPIE

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E.O. 12356: DECL: OADR
TAGS: MASS, CI, PINR
SUBJECT: ARMS MERCHANT CARDOEN CUTTING LINKS TO IRAQ?

REF: (A) SANTIAGO 5879; (B) SANTIAGO 5905; (C)
SANTIAGO 4481

1. (C) SUMMARY: THE LOCAL PRESS HAS PICKED UP ON CHILEAN ARMS MERCHANT CARLOS CARDOEN'S ATTEMPTS TO END HIS BUSINESS LINKS WITH IRAQ. FOLLOWING HIS MEETING WITH AMBASSADOR GILLESPIE (REF A), CARDOEN MET WITH FOREIGN MINISTER SILVA CIMMA ON CHILEAN REGULATIONS CONCERNING ARMS EXPORTS AND, IN A SUBSEQUENT PRESS RELEASE, CLAIMED THAT CARDOEN INDUSTRIES (INCAR) HAD NOT SOLD CLUSTER BOMBS TO IRAQ SINCE THE CEASE FIRE AND THAT HE WOULD SUPPORT AND COMPLY WITH CHILE'S DECISION TO BACK UN SANCTIONS AGAINST IRAQ (REF B). WHETHER PRESS REPORTS ARE TRUE, CARDOEN IS UNDOUBTEDLY WEIGHING THE POTENTIAL PROFITS OF HIS DEFENSE RELATED BUSINESS IN THE MIDDLE EAST AGAINST A BACKLASH OF NEGATIVE PUBLICITY AND U.S. CONCERN WHICH COULD HARM HIS INCREASINGLY
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2. (C) CARDOEN'S PENCHANT FOR BEHIND-THE-SCENES MANEUVERING HAS RECENTLY GIVEN WAY TO A MORE VISIBLE ATTEMPT TO CLEAN UP HIS IMAGE AND REDUCE TIES WITH IRAQI PRESIDENT SADDAM HUSSEIN. THIS WILL NOT BE EASY CONSIDERING THE ESTIMATED HUNDREDS OF MILLIONS OF DOLLARS IN DEFENSE RELATED SALES TO IRAQ WHICH HELPED MAKE INCAR A MAJOR ARMS EXPORTER AND CARDOEN ONE OF THE WEALTHIEST INDIVIDUALS IN CHILE. EVEN THE SHREWDEST BUSINESSMAN (AND CARDOEN CERTAINLY WOULD TOP THE LIST) WOULD HAVE BEEN CAUGHT OFF GUARD BY HUSSEIN'S SUDDEN INVASION OF KUWAIT AND JOLTED BY THE RESULTING FORCE AND UNITY OF THE WORLD'S RESPONSE.

3. (U) ACCORDING TO A SPECIAL REPORT IN THE AUGUST 15 EDITION OF THE SANTIAGO WEEKLY "QUE PASA," CARDOEN HAS DECIDED TO CUT ALL OF HIS TIES WITH IRAQ IN ORDER TO PROTECT HIS OTHER INVESTMENTS AND SHORE UP HIS DETERIORATING PUBLIC IMAGE. THE STORY ALLEGES THAT CARDOEN IS FORSAKING (AT LEAST FOR NOW) HIS INVESTMENT IN A METAL WORKS/MUNITIONS FACTORY BUILT IN 1988 ON THE OUTSKIRTS OF BAGHDAD, AS WELL AS A SECOND FACTORY (FOR CIVILIAN PROJECTS) WHICH HAS TO BE OPERATIONAL SOMETIME IN LATE 1990. THE STORY ESTIMATES THAT LOSSES FROM INCAR'S IRAQI OPERATIONS WILL RANGE FROM US DOLS 50-80 MILLION. IN COMMENTS TO THE PRESS, CARDOEN SPOKESMAN ROBERTO MONTECINOS HAS REFUSED TO VALUE CARDOEN'S IRAQI INVESTMENT BUT STATED THAT THE FACTORIES ARE IRAQI PROPERTY AND INCAR HAD PROVIDED A NUMBER OF CHILEAN EXPERTS UNDER A CONTRACT TO STAFF THE OPERATION.

4. (U) TWENTY FOUR OF THE 31 CHILEAN "EXPERTS" IN IRAQ WERE FINALLY ALLOWED TO LEAVE, VIA JORDAN, ON AUGUST 11.

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ACCORDING TO THE "QUE PASA" STORY, THE REMAINING SEVEN TECHNICIANS WERE PREVENTED FROM LEAVING BECAUSE THEY DO NOT HOLD CHILEAN PASSPORTS. CHILEAN AMBASSADOR IN JORDAN, NELSON HADDAD, CONTINUES TO WORK DIPLOMATIC CHANNELS IN HIS EFFORTS TO SECURE THEIR DEPARTURE WHILE BACK IN SANTIAGO FOREIGN MINISTER SILVA CIMMA REQUESTED HELP FROM VISITING SECRETARY GENERAL PEREZ DE CUELLAR ON AUGUST 20. PRIOR TO THE DEPARTURE OF THE TWENTY FOUR CHILEANS, CARDOEN VISITED FOREIGN MINISTER SILVA CIMMA TO UPDATE HIM ON CHILEANS WORKING AT HIS IRAQI OPERATIONS

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AND OSTENSIBLY TO BRIEF SILVA CIMMA ON CURRENT CONTACTS WITH IRAQ AND HIS COMPLIANCE WITH CHILE-SUPPORTED UN SANCTIONS. IN HIS RECENT COMMENTS TO THE PRESS, CARDOEN HAS SOUGHT TO DOWNPLAY HIS REMAINING TIES WITH IRAQ. ON AUGUST 7, HE PUBLICLY CLAIMED THAT INCAR STOPPED SUPPLYING CLUSTER BOMBS TO IRAQ WHEN THE IRAN-IRAQ CEASE FIRE WENT INTO EFFECT. HE ALSO STATED HIS INTENTION TO COOPERATE IN THE TRADE EMBARGO AGAINST IRAQ.

5. (U) THE "QUE PASA" STORY HINTS AT THE PROBLEMS CARDOEN WILL HAVE IN DROPPING HIS MOST LUCRATIVE CUSTOMER. ALREADY SOME 220 WORKERS HAVE BEEN LAID OFF AT INCAR'S MACUL PLANT AND RUMORS AROUND THAT WORK AT FACTORIES IN SANTIAGO AND IQUIQUE WILL ALSO BE SCALED DOWN SUBSTANTIALLY. ADDING TO HIS PROBLEMS WITH IRAQ IS THE OVERALL SOFTNESS IN THE THIRD WORLD ARMS MARKET WHICH CALLS INTO QUESTION THE VIABILITY OF HIS OTHER DEFENSE PROJECTS; HE RECENTLY ACQUIRED THE ITALIAN MINI-SUBMARINE MANUFACTURER COSMOS, HAD PLANS TO BUILD AND SELL ENGLISH TIGERFISH M24 TORPEDOS IN A LICENSING DEAL WITH UK FIRM MARCONI UNDERWATER SYSTEMS, AND HAS INVESTED US DOL FOUR MILLION IN A BELL HELICOPTER PROJECT (REF C).

6. (U) IF CARDOEN'S DIVERSIFICATION PROJECT SHIFTED

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E.O. 12356: DECL: OADR
TAGS: MASS, CI, PINR
SUBJECT: ARMS MERCHANT CARDOEN CUTTING LINKS TO IRAQ?

INTO HIGH GEAR WITH THE IRAN-IRAQ CEASE FIRE (IN A MID-MARCH INTERVIEW CARDOEN SAID HIS DEFENSE INVESTMENTS WERE ONLY 10 PERCENT OF HIS BUSINESS), IT MAY HAVE ENTERED THE FINAL STRETCH WITH IRAQ'S INVASION OF KUWAIT. IN APRIL OF THIS YEAR, CARDOEN HIRED ISMAEL VICUNA, A WELL RESPECTED LOCAL BUSINESSMAN CLOSELY LINKED TO CHILEAN INDUSTRIALIST ANCLETO ANGELINI, TO SHIFT ARMS PRODUCTION FACILITIES TO MINING AND OTHER INDUSTRIAL APPLICATIONS. "QUE PASA'S" LIST OF CARDOEN'S PORTFOLIO OF NON-DEFENSE RELATED INVESTMENTS INCLUDE: A US DOL 11.7 MILLION INVESTMENT IN CHILEAN BANCO DEL PACIFICO, A US DOL 17.2 MILLION INVESTMENT IN 68 PERCENT OF A CHILEAN MATCH COMPANY, A US DOL 4 MILLION INVESTMENT IN A FACTORY FOR BLUE JEANS FOR EXPORT TO THE SOVIET UNION AND CENTRAL EUROPE, ADDITIONAL INVESTMENT IN AGRICULTURAL (MOSTLY FRUIT) PROJECTS, INVESTMENT IN A NUMBER OF MINING RELATED FIRMS IN CHILE, A LOCAL HOTEL AND CAR RENTAL AGENCY, A US DOL 250 MILLION INVESTMENT IN A FLORIDA REAL

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ESTATE FIRM, AND A PROJECT TO BUILD THREE TOURIST HOTELS IN CUBA. ACCORDING TO LOCAL PRESS REPORTS, CARDOEN'S

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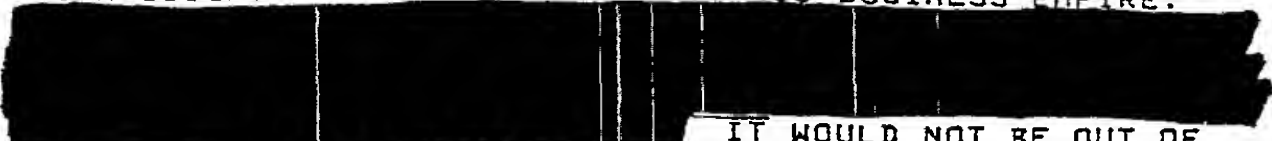
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MINING SUBSIDIARY, MINERA CARDOEN, IS ALSO PLANNING TO INVEST US DOLS 50 MILLION IN A JOINT VENTURE WITH OUTOKUMPO OY OF FINLAND TO DEVELOP THE AMOLANAS COPPER DEPOSIT IN THE THIRD REGION.

7. (C) COMMENT: IN THE PAST, CARDOEN HAS PROVED TO BE A SHREWD BUT CAUTIOUS ENTREPRENEUR READY TO DO ARMS DEALS WITH ISOLATED COUNTRIES TO BUILD HIS BUSINESS EMPIRE.

 IT WOULD NOT BE OUT OF LINE WITH PAST BEHAVIOR IF CARDOEN, SENSING THE RISKS TO HIS NON-DEFENSE INTERESTS, HAS DECIDED TO MINIMIZE RELATIONSHIPS WHICH COULD POSE FUTURE PROBLEMS.
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CAPE TOWN FOR EMBASSY

E.O. 12356: DECL: OADR
TAGS: PGOV, MASS, PARM, KNNP, CI
SUBJ: DEATH OF BRITISH JOURNALIST RAISES QUESTIONS
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ABOUT CHILEAN ARMS EXPORTER

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REF: (A) SANTIAGO 1748 (NOTAL), (B) SANTIAGO 4354

1. (U) SUMMARY: POSSIBLE IRREGULARITIES SURROUNDING THE RECENT DEATH OF A BRITISH JOURNALIST IN SANTIAGO HAVE RAISED QUESTIONS ABOUT THE INVOLVEMENT OF CARDOEN INDUSTRIES, A LEADING CHILEAN WEAPONS MANUFACTURER, IN THE INTERNATIONAL ARMS MARKET. THE LOCAL MEDIA HAVE PICKED UP ON A CONSPIRACY THEORY LAUNCHED IN THE BRITISH PRESS WHICH ALLEGES THAT THE JOURNALIST WAS MURDERED TO COVER UP THE COMPANY'S PLANS TO SELL A MODIFIED U.S. HELICOPTER TO IRAQ FOR MILITARY PURPOSES- LOCAL REPORTERS THINK THIS MOTIVE IMPROBABLE, BUT SUSPECT THE CHILEAN COMPANY HAS BEEN ACTIVELY INVOLVED IN THE ILLEGAL TRANSFER OF SENSITIVE TECHNOLOGY, POSSIBLY EVEN INCLUDING ASSISTANCE TO IRAQ IN ITS EFFORTS TO BUILD NUCLEAR WEAPONS. CARDOEN'S LINKS WITH A U.S. COMPANY IN THE DEVELOPMENT OF A HELICOPTER THAT CAN BE CONFIGURED FOR MILITARY USE IS LIKELY TO COME UNDER INCREASED SCRUTINY. END SUMMARY.

CHILEAN WHODUNIT

2. (U) CHILEAN AUTHORITIES ARE CONTINUING TO INVESTIGATE THE MARCH 31 DEATH OF BRITISH JOURNALIST JONATHAN MOYLE, WHO WAS IN SANTIAGO COVERING THE BIENNIAL INTERNATIONAL AIR AND SPACE FAIR (FIDAE). ORIGINAL REPORTS INDICATED THAT MOYLE, DEPRESSED BY PERSONAL PROBLEMS, HAD COMMITTED SUICIDE. DETAILS PRESENTED IN SUBSEQUENT LOCAL PRESS ACCOUNTS POINT TO FOUL PLAY: MOYLE WAS FOUND HANGING IN
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HIS HOTEL-ROOM CLOSET, A PILLOW CASE PULLED OVER HIS HEAD AND HIS UNDERWEAR TANGLED AROUND HIS ANKLES. THERE WERE MARKS ON HIS WRISTS SUGGESTING HE HAD BEEN BOUND, AND BLOOD STAINS ON THE SHEETS OF HIS BED. FURTHERMORE, BECAUSE THE DOOR OF THE CLOSET WAS SHUT THE BODY WAS NOT DISCOVERED UNTIL AFTER THE MAID CLEANED THE ROOM AND SENT THE SHEETS TO THE LAUNDRY. A NUMBER OF GRAY FOLDERS WHICH THE MAID REPORTS TO HAVE SEEN IN THE ROOM AND A SUITCASE REPORTED TO HAVE BEEN IN HIS POSSESSION EARLIER WERE SAID TO BE MISSING FROM MOYLE'S PERSONAL EFFECTS.

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THE JUDGE IN CHARGE OF THE CASE HAS ASKED THE OS-7 UNIT OF THE CARABINEROS (NATIONAL POLICE) TO FOLLOW UP ON THE INITIAL INVESTIGATION AFTER THE AUTOPSY REVEALED TRACES OF A SEDATIVE IN MOYLE'S BLOOD.

3. (C) THE BRITISH EMBASSY HAS AVOIDED PUBLIC COMMENT ON THE SPECULATION.

[REDACTED]

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A CONSPIRACY IN THE MAKING?

4. (U) THE LOCAL MEDIA ALSO PICKED UP ON REPORTS IN THE INTERNATIONAL PRESS THAT MOYLE, THE EDITOR OF "DEFENSE HELICOPTER WORLD," HAD UNCOVERED SENSITIVE INFORMATION ON PLANS BY CHILEAN ARMS DEALER CARLOS CARDOEN TO SELL TO

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DEPT ALSO FOR AMBASSADOR RICHARD T. KENNEDY/NP

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IRAQ A MODIFIED VERSION OF A BELL 206L-III HELICOPTER,
WHICH HIS COMPANY, CARDOEN INDUSTRIES (CI), IS

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DEVELOPING. ACCORDING TO A MAY 20 STORY IN BRITAIN'S "INDEPENDENT ON SUNDAY," MOYLE'S NOTEBOOK HAD DETAILED INFORMATION ON HELIOS, A RESTRICTED NAVIGATION SYSTEM WHICH CARDOEN PLANNED TO INCORPORATE INTO HELICOPTERS DESTINED FOR IRAQ. THE STORY SUGGESTED, NOT TOO SUBTLY, THAT CARDOEN HAD SOMEHOW BEEN INVOLVED IN MOYLE'S DEATH. IT CONCLUDED BY REFERRING TO A THEORY CIRCULATING IN SANTIAGO THAT IRAQI AGENTS HAD KILLED MOYLE TO KEEP HIM FROM PUBLISHING INFORMATION WHICH WOULD BLOCK THE SALES.

5. (U) FOLLOWING THE REPORT CI'S SPOKESMAN, RAUL MONTECINOS, WHOM THE INDEPENDENT HAD LABELED AS THE LAST MAN TO SEE MOYLE ALIVE, ISSUED A STRONGLY WORDED DENIAL THAT CI WAS INVOLVED IN THE JOURNALIST'S DEATH. IN A PRESS CONFERENCE ON MAY 24, CARDOEN HIMSELF SHARPLY DENIED ANY LINK BETWEEN THE 206L-III PROJECT AND THE MOYLE INCIDENT. HE ASSERTED THAT CI HAD BEEN TOTALLY ABOVEBOARD IN ITS EFFORTS ON THE HELICOPTER PROJECT AND THAT THE PROTOTYPE WAS IN THE FINAL STAGE OF AN FAA TECHNICAL REVIEW. CARDOEN ACKNOWLEDGED HIS COMPANY'S CLOSE BUSINESS RELATIONSHIP WITH IRAQ BUT MAINTAINED THERE WERE NO PLANS TO SELL IT THE 206L-III.

NUCLEAR MIDDLEMAN?

6. (U) SUBSEQUENT REPORTS IN THE SANTIAGO DAILY "LA EPOCA" BY RAUL SOHR, A LOCAL JOURNALIST SPECIALIZING IN MILITARY AFFAIRS, DOWNPLAYED THE IMPORTANCE OF HELIOS BUT RAISED ADDITIONAL QUESTIONS ABOUT CARDOEN'S ROLE IN THE

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INTERNATIONAL ARMS MARKET. SOHR HAS REVIEWED IRAQI EFFORTS TO BUILD MEDIUM RANGE NUCLEAR WEAPONS AND/OR A SUPER CANNON FOR TACTICAL NUCLEAR WEAPONS FOR USE AGAINST ISRAEL. BY WAY OF BACKGROUND, SOHR RECOUNTS CARDOEN'S INVOLVEMENT WITH THE G5/G6 155MM CANNON WHICH SOUTH AFRICAN WEAPONS BUILDER ARMSCOR CURRENTLY SELLS TO IRAQ. SOHR HAS ALSO REPEATED CHARGES MADE IN BRITISH DEFENSE WEEKLY "JANES" THAT CARDOEN PROVIDED IRAQ WITH A SENSITIVE OSCILLOSCOPE NECESSARY FOR TESTING NUCLEAR DETONATORS. IMPLICIT IN SOHR'S REPORTING IS A SUGGESTION THAT CARDOEN IS A MAJOR PLAYER IN THE INTERNATIONAL ARMS

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MARKET AND HAS SKIRTED U.S. REGULATIONS ON TECHNOLOGY TRANSFER.

7. (U) CARDOEN'S BUSINESS RELATIONSHIP WITH IRAQ AND SOUTH AFRICA IS WELL KNOWN. CI EXPORTS CLUSTER BOMBS MADE IN CHILE TO IRAQ (SOHR SAYS 95 PERCENT OF ITS CHILEAN PRODUCTION WORTH HUNDREDS OF MILLIONS), OPERATES A MUNITIONS FACTORY ON THE OUTSKIRTS OF BAGHDAD, AND ASSEMBLES THE G5/G6 155 MM CANNON FOR ARMSCOR. ALTHOUGH THE CHILEAN AIR FORCE DID NOT INVITE THE SOUTH AFRICANS TO THE MARCH FIDAE, JOHANN VAN RENSBURG, A SOUTH AFRICAN WORKING FOR ARMSCOR, WAS AMONG THOSE MANNING CI'S BOOTH.

8. (C) [REDACTED] HAS COMMENTED TO US THAT PRES REPORTS OF CARDOEN'S ROLE IN THE INTERNATIONAL ARMS TRADE TEND TO BE GREATLY EXAGGERATED. ALLUDING TO CI'S ASSOCIATION IN A JOINT VENTURE WITH THE UK, HE SAID CARDOEN IS WELL AWARE THAT WORLDWIDE DEMAND FOR HIS PRODUCTS IS LIKELY TO SUBSIDE WITH THE DIMINUTION OF EAST-WEST TENSIONS, AND IS TAKING THE INITIATIVE TO DIVERSIFY INTO NON-MILITARY AREAS. HE DID NOT, HOWEVER,

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MINIMIZE CARDOEN'S EFFORTS TO MAINTAIN AND EXPAND A

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MARKET SHARE IN THIRD WORLD TROUBLE SPOTS, INCLUDING IRAQ AND POSSIBLY IRAN.

RUMORS AND INNUENDO

9. (C) THE MOYLE AFFAIR IS FAR FROM BEING RESOLVED. THERE ARE REPORTS OF A STRANGE INCIDENT INVOLVING AN ABANDONED SUITCASE IN AN UPTOWN SANTIAGO NEIGHBORHOOD. WHEN LOCAL POLICE ARRIVED AT THE SCENE TO INVESTIGATE, A MAN IDENTIFIED BY WITNESSES AS MOYLE SUDDENLY APPEARED TO RETRIEVE HIS "LOST BAG." LOCAL PRESS REPORTS HAVE SUGGESTED THAT MOYLE, AN RAF PILOT, WAS WORKING FOR BRITISH INTELLIGENCE. A MORE BIZARRE TWIST WAS ADDED IN A REPORT BY THE BRITISH NEWSPAPER "THE GUARDIAN" THAT BRITISH SOURCES IN CHILE HAD SUGGESTED MOYLE WAS A SEXUAL PERVERT AND HIS DEATH WAS LINKED TO A SEXUAL PRACTICE WHICH INVOLVES BLOCKING AIR INTAKE.

[REDACTED] TOLD EMBASSY PRESS OFFICER THAT HE WAS PASSED THE UNSOLICITED INFORMATION AT A RECENT BRITISH EMBASSY PARTY IN SANTIAGO AND FOUND IT STRANGE THAT IT HAD SURFACED INDEPENDENTLY IN LONDON. [REDACTED] SAID HE HAD BEEN TOLD BY A RELIABLE SOURCE THAT MI-5 IN LONDON HAD GIVEN IT TO REPORTERS THERE). [REDACTED] SAID HE CONSIDERED THE SEX ANGLE A SMOKE SCREEN AND RAN IT MOSTLY TO ELICIT A REACTION BY HMG, WHICH SUBSEQUENTLY DENIED IT.

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CHILE'S LINK TO ARMS MARKET

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10. (C) THE INVESTIGATING JUDGE, CURRENTLY ON VACATION, HAS NAMED 30 WITNESSES IN THE MOYLE CASE. CERTAINLY, IF FOUL PLAY IS DISCOVERED, THERE WILL BE RENEWED INTEREST IN CARDOEN'S ROLE IN TRANSFERRING SENSITIVE TECHNOLOGY. EMBASSY PRESS OFFICER HAS BEEN IN TOUCH WITH [REDACTED] WHO IS CONVINCED THAT CARDOEN IS ACTIVELY ASSISTING IRAQ IN ITS EFFORT TO ACQUIRE NUCLEAR WEAPONS. [REDACTED] ALLEGES THAT CARDOEN HAS AN AGREEMENT WITH IRAQ FOR THE DELIVERY OF 50 OF THE

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NEW CARDOEN HELICOPTERS. [REDACTED] QUESTIONS THE EFFECTIVENESS OF U.S. REGULATIONS SINCE CARDOEN IS ACTIVELY ADVERTISING THE MODIFIED BELL 206L-III AS A MILITARY ATTACK HELICOPTER IN HIS MARKETING EFFORTS. [REDACTED] GAVE EMBASSY PRESS OFFICER A BROCHURE, ALLEGEDLY PROVIDED BY A CARDOEN REPRESENTATIVE IN IRAQ, DESCRIBING THE "206L-III ATTACK HELICOPTER." [REDACTED] SUSPECTS THAT CARDOEN DID PROVIDE THE OSCILLOSCOPE, AND IS TRANSFERRING OTHER SENSITIVE TECHNOLOGY TO IRAQ AND SOUT AFRICA THROUGH HIS EUROPEAN COMPANY, SWISS TECH (PHONETIC). [REDACTED] ALSO MENTIONED CARDOEN'S SALE OF VAX-DIGITAL COMPUTER EQUIPMENT TO THE SOUTH AFRICANS, AN CARDOEN'S ROLE AS A MIDDLEMAN IN MARKETING KURKIC OIL (A HIGH GRADE OIL) TO THE U.S. FROM IRAQ. [REDACTED] REFER TO THE FREE TRADE ZONE IN IQUIQUE (THE NORTHERN CITY WHERE CARDOEN'S OPERATIONS ARE BASED) AS THE "BLACK HOLE INTO WHICH U.S. AND OTHER MILITARY TECHNOLOGY DISAPPEARS

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11. (C) COMMENT: [REDACTED]

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INFORMATION.) A RECENT PRESS REPORT INDICATES THAT BELL-TEXTRON TURNED DOWN CARDOEN'S ORIGINAL OFFER ON THE MODIFIED 206L-III PROJECT BUT PASSED THE BUSINESS ON TO GLOBAL HELICOPTER TECHNOLOGY (GHT), A COMPANY STAFFED BY EX-BELL EMPLOYEES THAT WORKS CLOSELY WITH BELL. ACCORDING TO THE REPORT, GHT IS CI'S U.S. PARTNER AND HAS MANAGED THE FAA CERTIFICATION PROCESS.

12. IN THE WAKE OF REPORTS OF CARDOEN'S INVOLVEMENT IN SELLING CLUSTER BOMBS TO IRAN AND IRAQ, FUTURE REPORTING IS BOUND TO BE SENSATIONALIST AND MAY CHARGE THE US WITH LOOKING THE OTHER WAY ON CI ACTIVITIES. GILLESPIE

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| L-03 | ADS-00 | NSAE-00 | NSCE-00 | DMB-01 | OPIC-08 | PA-02 | |
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TAGS: PREL, ETRD, CI, UK
SUBJECT: CHILEAN ARMS DEALER SAYS U.S. AND UK KNEW OF
IRAQI ARMS PROCUREMENT NETWORK SINCE 1981

2. CARDOEN'S CLAIMS CAME TO LIGHT AS A RESULT OF THE

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COLLAPSE OF THE GOVERNMENT'S PROSECUTION OF THREE
EXECUTIVES OF THE MATRIX-CHURCHILL COMPANY WHO WERE ON
TRIAL FOR ALLEGEDLY VIOLATING HMG'S BAN ON THE SUPPLY OF
WAR-RELATED MATERIAL TO IRAQ. THE JUDGE DISMISSED THE
CASE WHEN ALAN CLARK, A FORMER MINISTER OF STATE AT THE
MINISTRY OF DEFENSE, DISCLOSED IN COURT HIS OWN KNOWLEDGE
OF, AND ACQUIESCENCE IN, THE MATRIX-CHURCHILL EXPORTS TO
IRAQ.

3. UNDER PRESSURE FROM THE OPPOSITION PARTIES AND THE MEDIA, HMG HAS SET UP A JUDICIAL INQUIRY UNDER JUSTICE RICHARD SCOTT TO INVESTIGATE THE AFFAIR.

4. BEGIN TEXT:
ARMS DEALER "REVEALED IRAQI NETWORK TO UK"

CHILEAN BUSINESS MAN NAMED IN MATRIX CHURCHILL TRIAL,
DOCUMENTS BREAKS HIS SILENCE.
THE CHILEAN AT THE CENTRE OF THE IRAQI PROCUREMENT
NETWORK IN THE WEST YESTERDAY BROKE HIS SILENCE TO REVEAL
THAT HE BRIEFED THE BRITISH AND U.S. GOVERNMENTS DURING
MOST OF THE 1980S ON BAGHDAD'S EFFORTS TO ACQUIRE WEAPONS.
DR. CARLOS CARDOEN, WHO PRODUCED AND PROCURED WEAPONS FOR
IRAQ FROM 1981, TOLD THE "INDEPENDENT" THAT THE BRITISH
AND AMERICAN EMBASSIES IN SANTIAGO, AS WELL AS U.S.

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DEPARTMENT OF STATE *4305179* IS/FPC/CDR *ma* Date: *5/5/93*

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DEPARTMENT OF DEFENSE OFFICIALS, WERE GIVEN THE
EXPLANATION OF IRAQ'S PROCUREMENT NETWORK AND THAT
OFFICIALS VISITED HIS ARMS PLANTS ON SEVERAL OCCASIONS

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AND "VERIFIED THE ENTIRE MANUFACTURING PROCESS OF THE
ARMS IN QUESTION."

DR. CARDOEN WAS IDENTIFIED IN CLASSIFIED DOCUMENTS
RELEASED DURING THE COURSE OF THE MATRIX CHURCHILL TRIAL
AS A KEY COMPONENT IN IRAQ'S ARMS DRIVE DURING THE 1980S.
THE DOCUMENTS REVEALED THAT THE GOVERNMENT SUSPECTED DR.
CARDOEN'S INVOLVEMENT WITH IRAQ FROM AT LEAST 1987. BUT
IT IS NOW CLEAR THAT DIPLOMATS KNEW OF HIS BUSINESS LONG
BEFORE THIS.

MATRIX CHURCHILL WAS ALLOWED TO EXPORT MACHINE TOOLS TO
DR. CARDOEN, EVEN THOUGH THE FOREIGN OFFICE WAS FULLY
AWARE OF HIS RELATIONSHIP WITH SAADAM HUSSEIN AND THE
PURPOSE TO WHICH THE TOOLS WOULD BE PUT. "WE ARE HAPPY
ABOUT THE RESULTS OF THE TRIAL," DR. CARDOEN SAID. "ON
BEHALF OF THE IRAQI GOVERNMENT, WE ACQUIRED
MATRIX-MANUFACTURED MACHINE TOOLS AND THEN RE-EXPORTED
THEM TO BAGHDAD. ALL THIS WAS DONE IN KEEPING WITH ALL
LEGAL DOCUMENTATION DEMANDED BY BRITISH LAW."

THE FOREIGN OFFICE DECLINED TO COMMENT. "WE WILL AWAIT
THE OUTCOME OF THE SCOTT INQUIRY," A SPOKESMAN SAID. THE
PREVIOUSLY UNDISCLOSED NATURE OF BRITISH GOVERNMENT
KNOWLEDGE OF DR. CARDOEN'S ACTIVITIES WILL FUEL THE
SUSPICION THAT IT KNEW MORE OF THE DEATH IN SANTIAGO OF
JONATHAN MOYLE, A DEFENCE JOURNALIST, THAN IT HAS SO FAR
ADMITTED.

LAST WEEK, AS EVIDENCE GREW THAT WESTERN GOVERNMENTS

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ENCOURAGED THE ILLICIT ARMS TRADE WITH IRAQ, THE CHILEAN
AUTHORITIES ANNOUNCED THAT THEY WERE REOPENING THE
INVESTIGATION INTO HIS DEATH.

THE JUDGE COORDINATING THE ORIGINAL INQUIRY, WHICH WAS
UNABLE TO IDENTIFY MR. MOYLE'S MURDERERS, COMPLAINED THAT
HIS INVESTIGATION WAS OBSTRUCTED PRINCIPALLY BY THE
UNWILLINGNESS OF THE BRITISH AUTHORITIES TO COOPERATE.
MR. MOYLE DIED IN A SANTIAGO HOTEL ROOM IN MARCH 1990.

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PAGE 01

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INFO AMEMBASSY SANTIAGO

UNCLAS SECTION 02 OF 02 LONDON 22578

E.O. 12356: N/A

TAGS: PREL, ETRD, CI, UK

SUBJECT: CHILEAN ARMS DEALER SAYS U.S. AND UK KNEW OF
IRAQI ARMS PROCUREMENT NETWORK SINCE 1981

APPARENTLY AFTER BEING INJECTED IN THE HEEL. BRITISH OFFICIALS ALLEGED THAT HE DIED WHILE MASTURBATING. ARMS DEALERS HAVE INSISTED THAT HE WAS KILLED BY THE IRAQIS WHILE INVESTIGATING AN ARMS DEAL BETWEEN DR. CARDOEN AND THE IRAQIS. THIS MAY HAVE CENTRED ON NEGOTIATIONS DR. CARDOEN HAD WITH MARCONI UNDERWATER SYSTEMS LTD., BASED IN HAMPSHIRE, FOR THE TRANSFER OF SOPHISTICATED MINE

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TECHNOLOGY.

DR. CARDOEN ADMITS HAVING DISCUSSIONS BUT DENIES THAT HE ON-SOLD ANY PART OF THE MINES TO THE IRAQIS. HE ALSO DENIES ANY ROLE IN MR. MOYLE'S DEATH.

THE "INDEPENDENT" REPORTED LAST WEEK THAT MARCONI HAD BEEN INVOLVED IN DIRECT TALKS IN BAGHDAD AS WELL AS WITH CARDOEN INDUSTRIES IN CHILE. GEC-MARCONI SAID THAT CONTACTS WITH BOTH CARDOEN AND IRAQ WERE KNOWN IN ADVANCE TO THE MINISTRY OF DEFENCE.

CLEARLY ANGERED BY THE WAY THE BRITISH AND U.S. GOVERNMENTS HAVE FAILED TO DISCLOSE THAT HE TOLD THEM ABOUT HIS IRAQI BUSINESS, DR. CARDOEN SAID THAT IT WAS WRONG TO CAST HIM AS THE "MASTERMIND OF AN ARMS PROCUREMENT NETWORK... CONSIDERING THE RELATIVELY SMALL AMOUNT OF BUSINESS WE DID WITH THAT COUNTRY IN THE FACE OF THE HUGE ARMS SALES CARRIED OUT BY THE UNITED STATES AND THE UNITED KINGDOM."

HE ADDED THAT ALL HIS ARMS SALES WERE LEGITIMATE AND THAT CHILE HAD NO EMBARGO ON IRAQ UNTIL THE IMPOSITION OF THE UN EMBARGO AFTER THE INVASION OF KUWAIT.

DR. CARDOEN, A U.S.-EDUCATED MINING ENGINEER, WAS ENCOURAGED BY GENERAL PINOCHET TO GO INTO WEAPONS

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PRODUCTION DURING THE LATE 1970S. BUT HE STRUCK GOLD DURING THE IRAN-IRAQ WAR. IN THE EARLY 1980S HE STARTED TO PRODUCE AVIATION CLUSTER BOMBS WHICH KILL OVER AN AREA EQUIVALENT TO 10 FOOTBALL PITCHES. FOR THE DURATION OF

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 THE WAR, HE WAS MAKING U.S. DOLLARS 80 MILLION A YEAR SELLING THE BOMBS TO IRAQ.
 IN 1987, HE BUILT A FACTORY OUTSIDE BAGHDAD FOR THE PRODUCTION OF ARTILLERY AMMUNITION AND CLUSTER BOMBS. HE BOUGHT MATRIX CHURCHILL MACHINE TOOLS FOR THIS PLANT. HOWEVER, THE END OF THE GULF WAR SPELT POTENTIAL DISASTER FOR DR. CARDOEN, WHO HAD BECOME ONE OF CHILE'S RICHEST MEN AND A NOTED COLLECTOR OF NAZI WAR DAGGERS. HE STARTED TO DIVERSIFY, SETTING HIMSELF UP AS A CHANNEL FOR THE TRANSFER OF MILITARY TECHNOLOGY FROM THE WEST TO IRAQ. THE "INDEPENDENT" REVEALED TWO YEARS AGO THAT HE WAS TESTING FUEL AIR EXPLOSIVE WHICH WHEN IGNITED CREATES A SHOCKWAVE WHICH SUFFOCATES PEOPLE WITHIN AN AREA OF ABOUT 400 SQUARE YARDS (334 SQ. M).
 HE WENT INTO PARTNERSHIP WITH SOUTH AFRICA FOR THE PRODUCTION OF AMMUNITION AND HE WAS ALSO NEGOTIATING FOR THE TRANSFER OF MODIFIED U.S.-MADE BELL HELICOPTERS TO IRAQ. IT WAS RUMOURS OF THIS DEAL THAT DREW JONATHAN MOYLE TO SANTIAGO.
 HIS ACTIVITIES WERE KNOWN TO U.S. INTELLIGENCE FOR MOST OF THE 1980S, ACCORDING TO ARMS INDUSTRY SOURCES. IN APRIL 1992 IT WAS REPORTED THAT U.S. CUSTOMS HAD SUED HIM FOR BREACHING EXPORT CONTROLS IN SUPPLYING IRAQ WITH U.S.-MADE PARTS. DR. CARDOEN SAID HE HAD NO KNOWLEDGE OF ANY INDICTMENTS IN THE U.S. AND THAT THESE WERE "OLD RUMOURS." HE SAID HE HAD DIVERSIFIED OUT OF ARMS PRODUCTION.
 END TEXT.

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R1,2bn claim over weapons

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Monday, 27 April 1992
"Cape Times"

Armcor deal with Iraq cited in court

From CHRIS BATEMAN

LONDON. — Evidence of Armcor-supplied cluster bombs being shipped to Iraq on a continuing basis has emerged in a \$495-million (about R1,2bn) civil case being brought by an embittered arms dealer in Guernsey.

The dealer, Mr Walis Amin Saffouri, of Cyprus, has named several members of a South African family — the Cochranes — three Guernsey companies and a Jersey trust company in his claim for commissions on arms sales to Iraq and other countries.

According to reports in the Observer yesterday, the court case began in January last year but has until now escaped public attention.

Court papers filed in Guernsey reveal details of meetings in London and Zurich as well as contracts concerning the supply of cluster bombs from South Africa to Iraq during the Iran-Iraq war.

The Cochranes, most of whom are reported to be living in South Africa and Zimbabwe, are said to be Armcor agents.

The action has been brought by Mr Saffouri's company, Silver Falcon, and an associate, Solon Pitarides. Mr

low altitudes. This resulted in an order for 2 000 units worth some \$22 million.

Further orders for up to 10 000 units were expected and Mr Saffouri says he was told at a London meeting in February 1988 that, instead, replacement orders were anticipated for 10 000 high-altitude cluster bombs a year for five years. Orders for air concussion bombs were also predicted.

Mr Saffouri claims ITO intimated that it had obtained orders worth one billion dollars for equipment produced by Nimrod International, identified as the marketing subsidiary of Armcor.

He adds that control of ITO was sold in 1986 by the Cochranes, perhaps to Armcor or Mr Carlos Cardoen, a Chilean arms manufacturer and a major supplier to President Saddam Hussein.

Mr Cardoen was closely involved with International Signal and Control's one-billion-dollar conman Mr James Guerin, who supplied vital US technology and components.

Mr Guerin pleaded guilty last year to arms smuggling to Iraq and South Africa.

● Armcor last night declined to comment.

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REGION. THIS CABLE IS THE FIRST INSTALLMENT OF A TWO-PART
EMBASSY SERIES ON CHILE'S CONGLOMERATES; THE SECOND CABLE
WILL PROFILE THE COUNTRY'S LEADING GROUPS. END
SUMMARY/INTRODUCTION.

INFO EB-01 ERF-01 ODF-01 OMA-01 OFP-02 /006 A3 SONY

INFO LOG-00 ACDA-15 AID-00 AMAD-01 CEA-01 CIAE-00 COME-00
CTME-00 C-01 DODE-00 EB-00 EXIM-06 E-01 FRB-03
HA-00 H-01 INRE-00 INR-01 JTC-01 JUSE-00 LAB-04
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AMEMBASSY CARACAS
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CONFIDENTIAL SECTION 01 OF 08 SANTIAGO 01738

STATE PASS USTR, USDOC AND OPIC

E.O. 12356:DECL: OADR
TAGS: ECON, EIND, EINV, ELAB, PGOV, CI
SUBJECT: CHILE'S INDUSTRIAL GROUPS: LEADING EDGE OR
IMPEDIMENT TO MODERNIZATION?

REF: 91 SANTIAGO 9689

1. CONFIDENTIAL -- ENTIRE TEXT.

2. SUMMARY/INTRODUCTION. TEN FAMILY-CONTROLLED
CONGLOMERATES PLAY A PREEMINENT ROLE IN CHILE'S ECONOMY.
THESE INDUSTRIAL-FINANCIAL EMPIRES, CALLED "GROUPS" IN
CHILE, DOMINATE MANY OF THE ECONOMY'S KEY SECTORS,
INCLUDING FORESTRY, FISHING, SHIPPING, AND FOOD
PROCESSING. THE VALUE OF THEIR DOMESTIC HOLDINGS IN
PUBLICLY TRADED COMPANIES IS MORE THAN HALF OF THE MARKET
CAPITALIZATION OF ALL TRADED SHARES ON THE SANTIAGO STOCK
EXCHANGE. THE FORMER FIGURE DOES NOT INCLUDE THE VALUE OF
THEIR EXTENSIVE PRIVATE HOLDINGS. ALTHOUGH THEY REFRAIN
FROM CUT-THROAT COMPETITION WITH EACH OTHER, CHILEAN
GROUPS DIFFER FROM THE REGION'S OTHER CONGLOMERATES AND
QUASI-FEUDAL OLIGARCHIES BECAUSE THEY THRIVE IN A MORE
OPEN ENVIRONMENT. USUALLY CONTROLLED BY AN INDIVIDUAL OR
FAMILY, THE GROUPS USE THE STOCK MARKET AND OTHER MODES OF
PUBLIC FINANCE TO FUND EXPANSION. IN SPITE OF THE SIZE OF
THEIR EMPIRES, THE GROUPS' MANAGEMENT TEAMS HAVE PROVEN
THEMSELVES AGILE AND OPPORTUNISTIC. ALTHOUGH THEY
EMPHASIZE THEIR NATIONAL IDENTITY WHEN EXPEDIENT, THEY ARE
INVOLVED IN SCORES OF PROJECTS WITH FOREIGN INVESTORS.
DESPITE THE POLITICAL CONSERVATISM OF THEIR TOP
MANAGEMENT, THE GROUPS MAINTAIN SOLID WORKING RELATIONS

FO
WITH THE CENTER-LEFT GOVERNMENT. IN OUR JUDGMENT, THE
FAMILY-BASED CONGLOMERATES ARE WELL-POSITIONED TO MAINTAIN
A LEADING ROLE IN THE CHILEAN ECONOMY FOR MANY YEARS. AS
OTHER LATIN AMERICAN GOVERNMENTS EMBRACE THE ECONOMIC
REFORMS PIONEERED BY CHILE, THE TRAITS OF CHILEAN GROUPS
MAY MANIFEST THEMSELVES IN LARGE FIRMS THROUGHOUT THE

WHAT CONSTITUTES A GROUP -- AND WHY IT MATTERS

3. HIGH OWNERSHIP CONCENTRATION IS A STANDARD FEATURE OF
THE MODERN CHILEAN FIRM. FOR EXAMPLE, A LOCAL INVESTMENT
ADVISORY SERVICE TRACKS 65 PUBLICLY TRADED COMPANIES. FOR
ONLY SEVEN OF THESE DO THE TWELVE LARGEST SHAREHOLDERS
CONTROL LESS THAN HALF OF THE FIRM. THIS OWNERSHIP
STRUCTURE REFLECTS THE DOMINANCE OF "GROUPS,"
MANUFACTURING-FINANCIAL CONGLOMERATES WITH CONCENTRATED
OWNERSHIP STRUCTURES. TYPICALLY, A SINGLE INDIVIDUAL OR
FAMILY CONTROLS THE FIRM, AND THE OWNERS PLAY AN ACTIVE
MANAGERIAL ROLE. GROUPS BECAME A FEATURE OF THE CHILEAN
ECONOMIC LANDSCAPE IN THE 1950S, BUT THEIR NAMES, BUSINESS
INTERESTS AND BEHAVIOR CHANGED OVER THE ENSUING THREE
DECADES. MANY OF THEM WENT BANKRUPT AS A RESULT OF THE
1982-83 ECONOMIC CRASH AND THE RAPID LIBERALIZATION OF THE
ECONOMY.

4. TODAY'S DOMINANT GROUPS ARE SURVIVORS THAT MANAGED TO
TURN THE ECONOMIC TURMOIL OF THE LAST DECADE TO THEIR
ADVANTAGE. THE MILITARY REGIME'S AMBITIOUS PRIVATIZATION
PROGRAM, PERMISSIVE REGULATORY PHILOSOPHY, AND ACHIEVEMENT
OF VIGOROUS ECONOMIC GROWTH WERE VITAL FACTORS IN THE
SUCCESS OF THESE CONGLOMERATES. IN THE VIEW OF GOV
ECONOMIC POLICYMAKERS SUCH AS CENTRAL BANK PRESIDENT
ROBERTO ZAHLER, THE GROUPS AS A WHOLE ARE STRONGER THAN
EVER AS A RESULT OF THESE POLICIES. FINANCIAL DATA BEAR
HIM OUT. THE VALUE OF THEIR DOMESTIC HOLDINGS IN PUBLICLY
TRADED COMPANIES IS MORE THAN HALF OF THE MARKET
CAPITALIZATION OF ALL TRADED SHARES ON THE SANTIAGO STOCK
EXCHANGE. THE FORMER FIGURE DOES NOT INCLUDE THE VALUE OF
THEIR EXTENSIVE PRIVATE HOLDINGS.

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WEALTH IN RESOURCES AND ITS OPENNESS TO FOREIGN INVESTMENT
MEAN THAT THERE ARE OFTEN DOZENS OF COMPETING FIRMS
ENGAGED IN THE MOST REMUNERATIVE SECTORS.

INFO EB-01 ERF-01 ODF-01 OMA-01 OFP-02 /006 A2 SONY

INFO LOC-00 ACDA-15 AID-00 AMAD-01 CEA-01 CIAE-00 COME-00
CTME-00 C-01 DODE-00 EB-00 EXIM-00 E-01 FRB-03
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AMEMBASSY MEXICO
AMEMBASSY CARACAS
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C O N F I D E N T I A L SECTION 02 OF 08 SANTIAGO 01738

STATE PASS USTR, USDOC AND OPIC

E.O. 12356:DECL: OADR
TAGS: ECON, EIND, EINH, ELAB, PGOV, CI
SUBJECT: CHILE'S INDUSTRIAL GROUPS: LEADING EDGE OR

5. EXPLANATIONS FOR THE GROUPS' EXISTENCE ABOUND. ONE SCHOOL OF THOUGHT MAINTAINS THAT CHILE'S CONCENTRATED OWNERSHIP STRUCTURE IS A CONSEQUENCE OF THE ECONOMY'S SMALL SIZE, WHICH FOSTERS MONOPOLIES AND OLIGOPOLIES. ADHERENTS OF THIS SCHOOL ADD THAT THE ECONOMY'S TRANSITION TO EXPORT-ORIENTATION ENHANCED THE GROUP'S POWER BECAUSE OF THE ECONOMIES OF SCALE INVOLVED IN CRACKING COMPETITIVE FOREIGN MARKETS. A LESS DETERMINISTIC VIEW POSITS THAT TODAY'S DOMINANT GROUPS MADE IT TO THE TOP BECAUSE THEY WERE THE ONLY ONES WITH THE FINANCIAL RESOURCES AND AMBITION TO EXPAND IN THE POST-CRASH YEARS, WHEN THE BULK OF THE STATE'S MOST VALUABLE ASSETS WERE PRIVATIZED. STATED IN MORE GENERAL TERMS, THE GROUPS' POWER LIES IN THE UNIQUE ABILITY OF LARGE, WELL-CAPITALIZED FIRMS WITH HIGHLY CONCENTRATED OWNERSHIP STRUCTURES TO TAKE ADVANTAGE OF OPPORTUNITIES AND TO TRANSCEND THE DIFFICULTIES (I.E., THIN FINANCIAL MARKETS, INSTABILITY, AND A RAPIDLY CHANGING ECONOMIC POLICY ENVIRONMENT) OF DOING BUSINESS IN CHILE OVER THE LAST TWENTY YEARS.

6. IN SPITE OF THEIR MULTIPLE ADVANTAGES, THE POWER OF THE INDUSTRIAL GROUPS IS FAR FROM ABSOLUTE. THE LIBERALIZATION OF THE CHILEAN ECONOMY OVER THE LAST 18 YEARS SPANNED THOUSANDS OF AUTONOMOUS, WELL-MANAGED FIRMS. EVEN AMONG CONGLOMERATES, POWER IS DIFFUSE. THE SUPERINTENDENCY OF STOCKS AND INSURANCE LISTS 30 DIFFERENT

GROUPS CONTROLLING COMPANIES LISTED ON THE SANTIAGO STOCK EXCHANGE, AND THERE ARE OTHER GROUPS WITHOUT PUBLICLY TRADED HOLDINGS. ALTHOUGH THE DOMESTIC MARKET'S SMALL SIZE AND THE LAX ENFORCEMENT OF ANTI-TRUST LAWS ENABLE GROUPS TO MAINTAIN AN IRON GRIP OVER SUCH INDUSTRIES AS BREWERIES, STEEL, AND POWER GENERATION, THE COUNTRY'S

7. WHY THEN ARE THE GROUPS WORTH EXAMINING? FIRST OF ALL, THE GROUPS REMAIN THE MOST IMPORTANT PRIVATE LOCUS OF POWER IN CHILEAN SOCIETY. AS THE ELECTION OF THE CONCERTACION COALITION PROVES, THEIR ATTITUDES DO NOT ALWAYS PREVAIL, BUT THEIR HOLD ON MEDIA FIRMS, FINANCE AND INDUSTRY MAKES THEM A FORCE TO BE RECKONED WITH, ESPECIALLY IN ECONOMIC AND COMMERCIAL MATTERS.

8. THE GROUPS' CAPACITY FOR SURVIVAL CONSTITUTES A SECOND, AND MORE COMPELLING, REASON TO STUDY THEM. AS OTHER LATIN AMERICAN COUNTRIES EMBRACE THE REFORMS PIONEERED BY CHILE, THE TRAITS OF CHILEAN GROUPS MAY MANIFEST THEMSELVES IN LARGE FIRMS THROUGHOUT THE REGION. THE CONDITIONS THAT CONTRIBUTED TO THE RESTRUCTURING OF CHILEAN CONGLOMERATES ALREADY EXIST THROUGHOUT THE REGION. IN MANY LATIN AMERICAN COUNTRIES, THE EXISTENCE OF SPRAWLING BUSINESS EMPIRES PREDATES THE ECONOMIC LIBERALIZATION PROCESS; BECAUSE OF THEIR SIZE AND THE LIMITATIONS OF THE DOMESTIC BANKING SYSTEM, THESE EMPIRES HAVE INHERENT ORGANIZATIONAL AND FINANCIAL ADVANTAGES OVER THEIR SMALLER COMPETITORS. THE COMPREHENSIVE ECONOMIC

REFORM PROGRAMS (INCLUDING PRIVATIZATIONS) SWEEPING THE HEMISPHERE GIVE THEM THE OPPORTUNITY TO CAPITALIZE ON THESE ADVANTAGES.

THE IMPORTANCE OF THE FAMILY

9. AS IN OTHER LATIN AMERICAN COUNTRIES, CHILEAN GROUPS ARE OFTEN CORPORATE EXTENSIONS OF FAMILIES. MOST OF THE LARGEST CONGLOMERATES WERE FOUNDED BY INDIVIDUALS WITH HUMBLE ORIGINS WHO ASSIGNED RELATIVES TO TOP MANAGEMENT JOBS. THIS TENDENCY HAS BEEN ESPECIALLY PREVALENT IN THE

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STATE PASS USTR, USDOC AND OPIC

E.O. 12356:DECL: OADR
TAGS: ECON, EIND, EINV, ELAB, PGOV, CI
SUBJECT: CHILE'S INDUSTRIAL GROUPS: LEADING EDGE OR

CONGLOMERATES FOUNDED BY "ETHNIC" (I.E., NON-HISPANIC) GROUPS LIKE THE ANGELINIS (ITALIAN), LUKSICS (CROATIAN) AND ABUMOHORS (PALESTINEAN). RELIANCE ON THE FAMILY ENABLED GROUP LEADERS TO MAXIMIZE MANAGERIAL CONTROL AND SURROUND THEMSELVES WITH A GROUP OF INDIVIDUALS WHO SHARED SIMILAR BACKGROUNDS AND BELIEFS.

10. DESPITE THEIR INCREASING ORGANIZATIONAL COMPLEXITY, MANY OF THE FAMILY-BASED GROUPS REMAIN DYNASTIC. FOR EXAMPLE, ANACLETO ANGELINI, AN ITALIAN IMMIGRANT WHO FOUNDED CHILE'S LARGEST GROUP, RUNS HIS SPRAWLING FORESTRY/ENERGY/FISHING EMPIRE LIKE A FAMILY FIRM. ANGELINI'S BROTHER RUNS MANY OF THE GROUP'S HOLDINGS, AND HIS NEPHEW IS BEING GROOMED TO ASSUME CONTROL OF THE GROUP (THE ELDER ANGELINI HAS NO CHILDREN).

11. THE CULT OF THE FAMILY IS BY NO MEANS UNIVERSAL OR ABSOLUTE. PRIVATIZED CONGLOMERATES LIKE THE STEEL FIRM COMPANIA DE ACERO DEL PACIFICO (CAP) AND THE UTILITY EMPRESA NACIONAL DE ELECTRICIDAD (ENDESA) ARE PUBLICLY TRADED COMPANIES WITH DIFFUSE OWNERSHIP AND PROFESSIONAL MANAGEMENT TEAMS. EVEN FAMILY-BASED GROUPS TEND TO PLACE LESS EMPHASIS ON BLOODLINES AS THE YEARS PASS. ONLY A HANDFUL OF THE EXECUTIVES WHO ADMINISTER THE COUNTRY'S LONGEST-LIVED BUSINESS EMPIRE, THE MATTE CONGLOMERATE, CAN CLAIM A DISTANT RELATIONSHIP TO THE GROUP'S FOUNDER.

HOW EXTERNALLY ORIENTED ARE THE GROUPS?

12. OUT OF NECESSITY, THE GROUPS HAVE ADAPTED TO THE EXIGENCIES OF THE OPEN MARKET. THIS MEANS THAT THE HAVE

SHED THE XENOPHOBIA AND RELIANCE ON PROTECTIONISM THAT PREVAIL AMONG THE DOMINANT GROUPS IN OTHER LATIN COUNTRIES. CHILE'S TWO LARGEST GROUPS OWE MUCH OF THEIR CURRENT SUCCESS TO THEIR ASSOCIATIONS WITH VIGOROUS FOREIGN PARTNERS. HALF OF THE ANGELINI GROUP'S LARGEST HOLDING, AN ENERGY-FORESTRY FIRM CALLED COMPANIA DE PETROLEOS DE CHILE (COPEC), IS OWNED BY THE NEW ZEALAND-BASED CARTER HOLT HARVEY (CHH) GROUP, WHICH IN TURN IS PARTLY CONTROLLED BY INTERNATIONAL PAPER, A LARGE U.S. FORESTRY FIRM. THE UK'S ROTHSCHILD GROUP OWNS 49 PCT OF BANCO BICE, THE MATTE GROUP'S FINANCIAL FLAGSHIP, AND THE CHICAGO-BASED SIMPSON PAPER COMPANY RECENTLY TEAMED WITH THE MATTES' COMPANIA MANUFACTURERA DE PAPELES Y CARTONES (CMPC) TO BUILD A USD 587 MILLION PULP MILL IN THE LAKE DISTRICT.

13. ANOTHER EXAMPLE OF THE RELATIVE OPENNESS IS THEIR WILLINGNESS TO OPEN THEIR FIRMS TO PUBLIC TRADING. IN MANY DEVELOPING ECONOMIES, FAMILY-OWNED BUSINESS GROUPS SHUN PUBLIC TRADING ARRANGEMENTS FOR FEAR THAT STOCKHOLDERS WILL DILUTE THEIR HOLD ON THEIR COMPANIES. CHILEAN GROUPS ARE MORE CONFIDENT OF THEIR ABILITY TO MANAGE SUCH ARRANGEMENTS, AND BETTER INFORMED ABOUT THE

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BENEFITS -- MUCH-NEEDED CAPITAL AND A WIDER NETWORK OF

ALLIES -- THAT PUBLIC TRADING CAN BRING. THE FLAGSHIP HOLDINGS OF MOST OF THE LARGEST CONGLOMERATES ARE LISTED ON THE SANTIAGO EXCHANGE, AND HOLDOUT TYCOONS LIKE SUPERMARKET KING FRANCISCO JAVIER ERRAZURIZ AND REAL ESTATE BARON JOSE SAID ARE IN THE PROCESS OF REGISTERING THEIR FIRMS ON THE EXCHANGE.

14. RAISING FUNDS ON THE STOCK MARKET IS BECOMING MORE COMMON AS LOCAL MAGNATES LEARN THAT THEY CAN MAINTAIN CONTROL OVER THEIR ENTERPRISES EVEN AS THEY DILUTE THEIR OWNERSHIP. THE REAL POWER THAT GROUPS SURRENDER BY LISTING THEIR FIRMS IS MINIMAL. GIVEN THE MASSIVE FINANCIAL AND ORGANIZATIONAL ADVANTAGES THAT GROUPS HOLD

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RANKING THE FAMILY-OWNED GROUPS

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OVER SMALLER DOMESTIC FIRMS, THE GROUPS ARE INSULATED FROM THE THREAT OF HOSTILE TAKEOVERS AS LONG AS INTER-GROUP COMPETITION REMAINS MUTED. ALTHOUGH THE BUSINESS INTERESTS OF THE VARIOUS GROUPS OVERLAP, THEY DO NOT ENGAGE IN CUT-THROAT COMPETITION FOR THE DOMESTIC MARKET, AND THE DYNAMIC GROWTH OF CHILE'S EXPORT SECTORS HAS OBLVIATED THE NEED FOR AGGRESSIVE COMPETITION BETWEEN CHILEAN GROUPS FOR THE FOREIGN MARKET.

15. THE STOCK MARKET HAS BECOME ANOTHER VEHICLE FOR ASSOCIATION WITH FOREIGN CAPITAL. FOREIGN INVESTMENT FUNDS REPRESENTING LARGE INSTITUTIONAL INVESTORS FROM OECD COUNTRIES HAVE DISCOVERED THE CHILEAN STOCK MARKETS IN RECENT YEARS, AND AS A RESULT THEY NOW HAVE SIGNIFICANT SHAREHOLDINGS IN MOST PUBLICLY TRADED FIRMS. FOR EXAMPLE, ALMOST TEN PCT OF ELECMETAL, A STEEL PROCESSING FIRM OWNED BY MEDIA AND SHIPPING TYCOON RICARDO CLARO, IS OWNED BY TWO LARGE U.S.-BASED INVESTMENT FUNDS, THE GENESIS CHILE FUND AND THE INTERNATIONAL INVESTMENT COMPANY OF CHILE.

16. THE GRADUAL LIBERALIZATION OF CHILEAN FOREIGN EXCHANGE RESTRICTIONS HAS ENABLED THE GROUPS TO ENGAGE IN PROJECT INVESTMENT ABROAD. FACING ARDUOUS COMPETITION FOR THE SMALL CHILEAN MARKET, SEVERAL WELL-CAPITALIZED GROUPS ARE BEGINNING TO INVEST IN NEIGHBORING COUNTRIES. CHILE'S THIRD LARGEST CONGLOMERATE, THE LUKSIC GROUP, IS THE PIONEER IN THIS REGARD, WITH SIGNIFICANT INVESTMENTS IN

ARGENTINA, PERU, VENEZUELA, MEXICO, AND (UNTIL RECENTLY) IN CHINA. ITS ACTIVITIES ARE PARTICULARLY INTENSE IN ARGENTINA, WHERE IT RECENTLY PURCHASED A TELEPHONE CABLE FACTORY AND PLANS TO OPEN A BREWERY.

17. BECAUSE OF THEIR RELIANCE ON THE STOCK EXCHANGE, FINANCIAL DATA ON MOST OF THE GROUPS' LARGEST CHILEAN HOLDINGS IS ON THE PUBLIC RECORD. WE HAVE USED THIS DATA TO RANK THE GROUPS BY THE SIZE OF THEIR ASSETS. THE RESULTS OF OUR ANALYSIS APPEAR IN THE TABLE BELOW. ONE CAVEAT: THE UNCERTAINTY SURROUNDING THE HOLDINGS OF A FEW GROUPS STEMS FROM THE FACT THAT THEY LIST FEW OF THEIR FIRMS ON THE SANTIAGO EXCHANGE. FOR THESE GROUPS, OUR ESTIMATES ARE BASED ON SELF-ASSESSMENTS OF WEALTH AND SPECULATION BY THE LOCAL FINANCIAL PRESS. FOR EXAMPLE, THE PRESS HAS PUT THE VALUE OF CARDOEN'S LOCAL HOLDINGS AT USD 300-400 MILLION, WHICH SEEMS HIGH GIVEN THAT THE ASSETS OF HIS LARGEST MANUFACTURING COMPAN, THE PUBLICLY TRADED COMPANIA CHILENA DE FOSFOS, AMOUNT TO ONLY USD 40 MILLION. HENCE OUR LOW-BALL ESTIMATE OF HIS CHILEAN HOLDINGS.

CHILE'S FAMILY-OWNED GROUPS:
THE TOP TEN

| GROUP | MAIN BUSINESS | ESTIMATED VALUE OF CHILEAN HOLDINGS (MILLIONS OF USD'S) |
|----------|---|---|
| ANGELINI | FORESTRY, ENERGY, FISHING | 3,000 |
| HAITE | FORESTRY, BANKING, MINING | 2,100 |
| LUKSIC | BREWRIES, BANKING, TELECOM, MINING, FOOD PROCESSING | 1,300 |

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STATE PASS USTR, USDOC AND OPIC

E.O. 12356:DECL: OADR
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| CLARO | SHIPPING, STEEL, BOTTLING, MEDIA | 585 |
| CARDOEN | CHEMICALS, AG, APPAREL | 275 |
| BOHER | AGROINDUSTRY, FISHING | 220 |
| SAID | BANKING, BOTTLING, REAL ESTATE | 210 |
| ERRAZURIZ | SUPERMARKETS, FINANCE | 200 |
| MENENDEZ | FISHING, SHIPPING | 200 |
| ABUMOHOR | MEDIA, TEXTILES | N/A |

SOURCES: SUPERINTENDENCY OF STOCKS AND INSURANCE,
SUPERINTENDENCY OF BANKS AND FINANCIAL INSTITUTIONS,
NOMURA SECURITIES, FINANCIAL PRESS.

POLITICAL ATTITUDES

16. AS IN MOST COUNTRIES, THE BUSINESSMEN WHO RUN CHILE'S
GROUPS ARE POLITICALLY CONSERVATIVE. MOST OF THEM
ESTABLISHED THEIR COMMERCIAL AND FINANCIAL PREEMINENCE
DURING PINOCHET'S REIGN, AND THEY VIEWED THE MILITARY
DICTATOR AS THEIR PALADIN. THEY REMAIN STaunch DEFENDERS
OF THE REGIME AND ITS MARKET-ORIENTED ECONOMIC POLICIES.

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BECAUSE MANY OF THE LEADING ECONOMIC OFFICIALS OF THE
CENTER-LEFT GOVERNMENT CRITICIZED PINOCHET'S ECONOMIC
MODEL BEFORE THEY TOOK POWER, THE CAPTAINS OF CHILEAN
INDUSTRY VIEW THEM WITH SUSPICION, AND ARE CONSTANTLY ON
THE ALERT FOR ANY MISSTEP DOWN THE SLIPPERY SLOPE TO
SOCIALISM. THEY ARE OUTSPOKEN EXPONENTS OF THE "SILENT
COUNTER-REVOLUTION" HYPOTHESIS, WHICH POSITS THAT THE GOC
IS WORKING AT THE SUBMINISTERIAL AND REGIONAL LEVELS TO
DISMANTLE THE PINOCHET-ERA REFORMS (THE PHRASE WAS COINED
BY AN ANGELINI EXECUTIVE, COPEC PRESIDENT FELIPE LAMARCA
-- REFTEL).

19. THIS SUSPICION IS MUTUAL; MANY LEADING GOVERNMENT
ECONOMIC OFFICIALS VIEW THE EXISTENCE OF THE GROUPS AS AN
IMPEDIMENT TO CHILE'S DEVELOPMENT. IN A PRIVATE
CONVERSATION WITH EMBOFFS LAST YEAR, CENTRAL BANK
PRESIDENT ROBERTO ZAHLER CALLED THE GROUPS "CHILE'S
ACHILLES HEEL." IN HIS VIEW, THE PINOCHET REGIME
COMMITTED TWO MAJOR POLICY BLUNDERS IN DEFERENCE TO THE
GROUPS. THE FIRST, THE BAILOUT OF THE PRIVATE BANKING
SYSTEM DURING THE 1982-83 ECONOMIC CRISIS, LEFT THE
CENTRAL BANK WITH A WEAK FINANCIAL POSITION THAT
COMPROMISES ITS ABILITY TO CONDUCT MONETARY POLICY; THE
SECOND, THE NON-TRANSPARENT MANNER IN WHICH MANY
PRIVATIZATIONS WERE CONDUCTED, LEFT CHILE WITH AN

INORDINATE DEGREE OF INDUSTRIAL CONCENTRATION. (NOTE:
PART OF THE REASON FOR THE 1982-83 EPISODE WAS THE
INCESTUOUS RELATIONSHIP BETWEEN BANKS AND THEIR SISTER
COMPANIES. ALTHOUGH THE PORTFOLIOS OF TODAY'S GROUPS
STILL INCLUDE MANY BANKS, THIS SHOULD NOT BE TAKEN TO MEAN
THAT THE CONDITIONS ARE RIPE FOR ANOTHER HOUSE-OF-CARDS
STYLE COLLAPSE BY THE CONGLOMERATES. GROUP-RUN BANKS ARE
BETTER MANAGED, AND TOUGHER BANKING REGULATIONS ARE IN
PLACE. END NOTE.)

20. DESPITE THEIR MUTUAL SUSPICION, THE GOVERNMENT AND
THE GROUPS MAINTAIN A CORDIAL WORKING RELATIONSHIP.

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STATE PASS USTR, USDOC AND OPIC

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PRESIDENT AYLWIN AND HIS TOP ECONOMIC ADVISORS MEET REGULARLY WITH GROUP LEADERS, AND EVEN STAUNCH CONSERVATIVE LIKE RICARDO CLARO MANAGE TO OBTAIN APPOINTMENTS WITH THE PRESIDENT ON SHORT NOTICE. THE GOVERNMENT'S WILLINGNESS TO MAINTAIN A DIALOGUE HAS EARNED IT A MODICUM OF RESPECT FROM THIS SELECT GROUP. "SILENT COUNTERREVOLUTION" ADVOCATES NOTWITHSTANDING, MOST GROUP LEADERS PREFER TO EXPRESS THEIR CRITICISMS IN PRIVATE SESSIONS WITH THEIR GOC INTERLOCUTORS. REPRESENTATIVES OF A FEW IMPORTANT CONGLOMERATES HAVE EVEN BEGUN TO SING THE GOVERNMENT'S PRAISES. FOR EXAMPLE, A PROMINENT MEMBER OF THE LUKSIC FAMILY RECENTLY COMPARED THE AYLWIN GOVERNMENT'S PERFORMANCE FAVORABLY TO THAT OF THE PINOCHET REGIME, AND ENDORSED THE GOC'S EMPHASIS ON SOCIAL PROGRAMS

21. WITH THE NOTABLE EXCEPTION OF MAVERICK INDUSTRIALIST FRANCISCO JAVIER ERRAZURIZ, WHO MOUNTED AN UNSUCCESSFUL PRESIDENTIAL CAMPAIGN IN 1989, MOST GROUP LEADERS PREFER TO EXERT INFLUENCE FROM THE WINGS. THEY BANKROLL CANDIDATES LIKE PINOCHET PROXY HERNAN BUCHI (ERRAZURIZ RECEIVED VIRTUALLY NO SUPPORT FROM THE PRIVATE SECTOR), AND THEY LOBBY THE GOVERNMENT AND CONGRESS WHEN THEIR INTERESTS ARE THREATENED. BECAUSE OF THEIR ASSOCIATION WITH THE MILITARY DICTATORSHIP, HOWEVER, THE GROUPS' FINANCIAL RESOURCES AND ACCESS TO THE GOVERNMENT DO NOT TRANSLATE INTO UNBRIDLED POLITICAL POWER. INDEED, THEIR RECENT POLITICAL FAILURES ARE EASIER TO CHRONICLE THAN

THEIR VICTORIES. BUCHI LOST THE PRESIDENTIAL CAMPAIGN BY A WIDE MARGIN, AND CHILE'S WEALTHIEST MAN, ANACLETO ANGELINI, FAILED IN HIS QUEST TO DISSUADE CONGRESS FROM PASSING A CONSERVATION-ORIENTED FISHERY LAW SPONSORED BY THE GOVERNMENT.

22. A FEW GROUP LEADERS HAVE REALIZED THAT SCHMOOZING WITH AN UNSYMPATHETIC GOVERNMENT IS NOT THE ONLY WAY TO

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MOVE PUBLIC OPINION. IN FACT, THE GROUPS MOST EFFECTIVE INSTRUMENT OF POLITICAL INFLUENCE LIES IN THEIR INCREASING CONTROL OF THE MEDIA. DURING THE PINOCHET ERA, SYMPATHETIC EUROPEAN GOVERNMENTS SUBSIDIZED ANTI-REGIME MEDIA OUTLETS BECAUSE THEY REPRESENTED VOICES OF DISSENT. WITH THE ADVENT OF DEMOCRACY, THE EUROPEANS WITHDREW THE SUBSIDIES, AND POOR MANAGEMENT BEGAN TO TAKE ITS TOLL. OVER THE LAST YEAR, SEVERAL CENTER-LEFT NEWSPAPERS AND MAGAZINES HAVE FOLDED, ENABLING THE GROUPS TO TIGHTEN THEIR GRIP ON THE MEDIA. TWO PALESTINEAN GROUPS (ABUMOHOR AND SAHENI) NOW OWN TWO OF CHILE'S MOST WIDELY READ DAILIES (LA TERCERA AND LA CUARTA), A NEWSMAGAZINE (QUE PASA) AND A TELEVISION STATION, AND ARE IN THE PROCESS OF PURCHASING LA EPOCA, A SANTIAGO DAILY THAT HEWS TO THE CHRISTIAN DEMOCRATIC LINE. CLARO OWNS A TELEVISION STATION, AND DEFTLY USES HIS FINANCIAL PROWESS TO GAIN ACCESS TO OTHER MEDIA OUTLETS. ONE NATIONWIDE RADIO NETWORK REWARDED CLARO FOR HIS HEAVY ADVERTISING BY GIVING HIM A DAILY FIVE-MINUTE PROGRAM, WHICH HE USES TO PROMOTE HIS CONSERVATIVE, ANTI-AMERICAN AGENDA.

GROUP ATTITUDES TOWARDS THE UNITED STATES

23. CONGLOMERATE CHIEFTAINS HOLD AMBIVALENT ATTITUDES TOWARDS THE UNITED STATES. THEIR RESENTMENT OF THE USG'S ACTIVE OPPOSITION TO THE PINOCHET DICTATORSHIP TURNED TO OUTRIGHT HOSTILITY IN 1956, WHEN THE U.S. FOOD AND DRUG ADMINISTRATION TEMPORARILY EMBARGOED IMPORTS OF CHILEAN FRUIT AFTER THE DISCOVERY OF CYANIDE-TAINTED GRAPES IN PHILADELPHIA. MANY OF THE CONGLOMERATES WERE INVOLVED IN THE FRUIT EXPORT BUSINESS, AND THEIR FINANCIAL LOSSES ONLY HEIGHTENED THEIR ANTI-PATHY FOR THE UNITED STATES. THESE BUSINESS LEADERS FOUND IT FAR EASIER TO INTERPRET THE EVENT AS AN ANTI-PINOCHET CONSPIRACY THAN TO ACCEPT THAT

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IT WAS A RESPONSIBLE MEASURE TAKEN TO PROTECT AMERICAN CONSUMERS. THE EVENT HAD A PARTICULARLY EXPLOSIVE EFFECT ON CLARO, WHO RESIGNED HIS POSITION AS PRESIDENT OF THE U.S.-CHILE BINACTIONAL CENTER AND USED HIS MEDIA ACCESS TO WAGE A VITUPERATIVE CAMPAIGN AGAINST THE UNITED STATES THAT CONTINUES TO THIS DAY.

24. WHILE THEIR OBJECTIONS TO PAST USG POLICIES HAVE LEFT SOME SCARS, MOST GROUP LEADERS HOLD A MORE BALANCED VIEW OF THE UNITED STATES. ALTHOUGH LOCAL BUSINESSMEN GENERALLY HAVE LESS PERSONAL EXPERIENCE WITH THE UNITED STATES THAN THEIR COUNTERPARTS IN OTHER LATIN COUNTRIES, THERE IS A Mosaic OF GOODWILL STEMMING FROM PERSONAL CONTACTS WITH AMERICANS. A FEW INDUSTRIALISTS WERE EDUCATED IN THE UNITED STATES, AND MANY MORE HAVE SENT CHILDREN TO SCHOOL THERE. MORE IMPORTANTLY, MOST OF THE DOMINANT GROUP FIGURES ARE PRAGMATISTS WHO REALIZE THAT THE UNITED STATES, AS CHILE'S BIGGEST BILATERAL TRADING PARTNER AND SOURCE OF FOREIGN INVESTMENT, PLAYS A CONSTRUCTIVE ROLE IN THE COUNTRY'S DEVELOPMENT. THE CONGLOMERATES DOMINATE THE PRODUCTION OF NON-TRADITIONAL EXPORTS LIKE FRESH SALMON AND TROUT, TEXTILES AND APPAREL, WOOD FURNITURE, AND FRESH FRUIT. ALL OF THESE PRODUCT CATEGORIES HAVE ACHIEVED EXPONENTIAL SALES GROWTH IN THE LAST FEW YEARS ON THE STRENGTH OF SALES TO THE U.S. MARKET. AT THE SAME TIME, AMERICAN INVESTORS HAVE SIGNIFICANT EQUITY PARTICIPATION IN MANY OF THE GROUPS'

LARGEST FIRMS. FOR MOST OF THE GROUP CAPTAINS, REFRAINING FROM EXCESSIVE YAWEE-BASHING IS JUST GOOD BUSINESS.

25. BECAUSE OF THEIR PERSONAL INTEREST IN THE CONTINUATION OF CHILE'S SUCCESSFUL EXPORT-LED DEVELOPMENT, MOST OF THE CHILEAN GROUPS ACTIVELY SUPPORT THE GOALS

PURSUIT OF A COMPREHENSIVE FREE TRADE AGREEMENT WITH THE UNITED STATES (AGAIN, CLARO IS THE EXCEPTION). PROMINENT INDUSTRIALISTS LIKE HERNAN BRIONES AND ELEODORO MATTE HAVE PUBLICLY APPLAUDED THE GOVERNMENT'S TRADE STRATEGY, AND MANY OF THE LARGEST CHILEAN GROUPS ARE BANKROLLING THE ESTABLISHMENT OF A PRO-FTA LOBBYING AND RESEARCH UNIT WITHIN THE CONFEDERATION OF PRODUCTION AND COMMERCE (CPC), AN UMBRELLA BUSINESS ORGANIZATION.

WHITHER THE GROUPS?

26. THE SEEMINGLY CEASELESS BOOM-AND-BUST CYCLES EXPERIENCED BY CHILEAN BUSINESS EMPIRES OVER THE LAST FOUR DECADES SUGGESTS THAT THE DOMINANCE OF TODAY'S LEADING GROUPS WILL PROVE EVANESCENT. FOR SEVERAL REASONS, HOWEVER, WE BELIEVE THAT THE GROUPS HAVE NOT EVEN HIT FULL STRIDE, AND WILL HOLD REDOUBTS IN THE COMMANDING HEIGHTS OF THE CHILEAN ECONOMY FOR MANY YEARS. FIRST OF ALL, THE SHEER SIZE OF THE GROUPS CONTINUES TO PROVIDE THEM WITH FINANCIAL AND ORGANIZATIONAL PROWESS THAT THEIR SMALLER LOCAL COMPETITORS CANNOT MATCH. FOR EXAMPLE, WHILE MOST CHILEAN FIRMS RELY ON THE EXPENSIVE SHORT-TERM CREDIT PROFFERED BY THE LOCAL BANKING SYSTEM, MEGAFIRMS LIKE

COPEC AND CMPC HAVE A MUCH BROADER RANGE OF FINANCIAL ALTERNATIVES. THESE INCLUDE THEIR OWN FORMIDABLE FINANCIAL RESOURCES, DIRECT PARTNERSHIPS WITH FOREIGN COMPANIES, DOMESTIC ISSUANCE OF CORPORATE BONDS, AND AMERICAN DEPOSITORY RIGHTS ON THE NEW YORK STOCK EXCHANGE.

27. MOREOVER, THE GROUPS HAVE CONCENTRATED THEIR ACTIVITIES ON DYNAMIC SECTORS IN WHICH CHILE HAS A COMPARATIVE ADVANTAGE AND THEIR MANAGERS HAVE EXPERTISE (I.E., FISHERIES, FORESTRY, WINE, AND AGRICULTURE). THEY ARE TREATING CHILE'S NEW-FOUND POPULARITY WITH FOREIGN INVESTORS AS AN OPPORTUNITY, NOT A THREAT. WHILE THEY

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PAGE 01 SANTIA 01738 08 OF 08 051858Z 9619 EB0007 SANTIA 01738 08 OF 08 051858Z 9619 EB0007
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INFO EB-01 ERF-01 ODF-01 QMA-01 OFP-02 /006 A3 SONY

INFO LOG-00 ACDA-15 AID-00 AMAD-01 CEA-01 CIAE-00 COME-00
CTME-00 C-01 DODE-00 EB-00 EXIM-06 E-01 FRB-03
HA-00 H-01 INRE-00 INR-01 ITC-01 JUSE-00 LAB-04
L-00 ADS-00 NSAE-00 NSCE-00 ONB-01 OPIC-00 PA-01
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INFO AMEMBASSY ASUNCION
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STATE PASS USTR, USDOC AND OPIC

E.O. 12356:DECL: OADR
TAGS: ECON, EIND, EINV, ELAB, PGOV, CI
SUBJECT: CHILE'S INDUSTRIAL GROUPS: LEADING EDGE OR

HAVE LARGELY CEDED THE CAPITAL-INTENSIVE MINING SECTOR TO
BETTER-CAPITALIZED FOREIGN INVESTORS AND STATE-OWNED
CHILEAN FIRMS. THE GROUPS HAVE DEMONSTRATED A FLAIR FOR
CONVINCING FOREIGNERS TO INVEST IN THEIR OWN SECTORS AS
PASSIVE OR JUNIOR PARTNERS.

28. FINALLY, AND MOST IMPORTANTLY, TODAY'S GROUPS DIFFER
FROM THEIR COUNTERPARTS IN PAST GENERATIONS BECAUSE THEY
HAVE BEEN EXPOSED TO, AND THRIVED UPON, YEARS OF
COMPETITIVE DISCIPLINE. THE KEY TO THEIR SUCCESS LIES IN
GOOD MANAGEMENT AND A LONG-TERM INVESTMENT FOCUS RATHER
THAN SUCCESSFUL SPECULATION OR GOVERNMENT-SPONSORED
PROTECTIONISM.

29. THE FAMILY-BASED GROUPS HAVE PASSED ALL TESTS OF
THEIR LONG-TERM VIABILITY SAVE FOR TWO. FIRST, THEY MUST
MAINTAIN THEIR DISINCLINATION TO GO AFTER EACH OTHER.
FINALLY, LIKE ALL DYNASTIES, THE GROUPS MUST PROVE THAT
THEY CAN SOLVE THE CONUNDRUM OF SUCCESSION. EXCEPT FOR
THE 70-YEAR OLD MATTE GROUP, EACH OF THE TEN BIGGEST
GROUPS IS RUN BY ITS FOUNDER. CHILE'S FIRST (ANGELINI)
AND THIRD (LUKSIC) GROUPS WILL FACE THEIR MOMENT OF TRUTH
SOON, BECAUSE THEY ARE RUN BY ELDERLY (ALBEIT VIGOROUS)
MEN WHO ARE BOUND TO STEP ASIDE IN THE NEXT FEW YEARS.
THE EXPERIENCE OF THE MATTE FAMILY PROVES THAT SUCCESSIONS
NEED NOT SPELL DECLINE. IF THE CONGLOMERATES MANAGE TO
EMULATE THE MATTE EXAMPLE, THEY WILL BE WELL-EQUIPPED TO

DOMINATE THE CHILEAN ECONOMY FOR MANY YEARS TO COME.
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DOC_NBR= 74TEHRAN10954

FILM= D750001-0015

DATE= 30 DEC 74

TYPE= TE

FROM= TEHRAN

DRAFTER= n/a

OFFICE= ACTION SS

TO= STATE

CHANNEL= n/a

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EO= GS

SUBJECT= U.S. POLICY ON IRAQ/IRANIAN CONFLICT

REFERENCE= 75 BAGHDAD 898

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= POLICIES, INTERVENTION, COMBAT OPERATIONS, CIVIL DISORDERS

TAGS= PFOR, IZ, IR, US, (PAHLAVI, MOHAMMAD REZA)

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PAGE 01 TEHRAN 10954 310618Z

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BEIRUT PLEASE PASS BAGHDAD

E.O. 11652: GDS

TAGS: PFOR, IZ, IR, US

SUBJ: U.S. POLICY ON IRAQ/IRANIAN CONFLICT

REF: BAGHDAD 898

1. ALTHOUGH DEPARTMENT DOUBTLESS HAS ITS OWN PERSPECTIVE WHICH MAY DIFFER FROM USINT/BAGHDAD AND AMEMBASSY TEHRAN ON ISSUE OF US POLICY ON IRAQ/IRANIAN CONFLICT, WE DO NOT SHARE THE CONCERNS, ASSESSMENT, OR CONCLUSIONS OF REFTEL. OUR REASONS FOLLOW:

2. THE SHAH SEES THE BAKR/SADDAM HUSSEIN REGIME AS A BUNCH OF THUGS AND MURDERERS IMPLACABLY HOSTILE TO HIM AND, HE WOULD HAVE THOUGHT, TO THE WEST GENERALLY. HE REMAINS UNCONVINCED THAT IRAQI EFFORTS TO BREAK OUT OF ITS ISOLATION ARE ANY MORE THAN TACTICAL MOVES TO EASE INTERNAL AND EXTERNAL PRESSURES. HE BELIEVES THAT AT HEART THE PRESENT BAATHIST REGIME IS STILL COMMITTED POLITICALLY AND IDEOLOGICALLY TO RADICAL ARABISM, THAT IT IS A TOOL FOR THE EXTENSION OF SOVIET INFLUENCE, AND THAT IT WILL PLAY THE ROLE THESE CONVICTIONS DICTATE WHEN AND WHERE IT CAN. HE SEES CONFIRMATION OF HIS CONCLUSION IN IRAQI SUBVERSIVE EFFORTS IN THE ARABIAN PENINSULA, IN BALUCHISTAN AND IN IRAN ITSELF. HE SEES IRAQ AS A MISCHIEF-MAKER AND SUPPORTER OF THE PALESTINIAN REJECTION FRONT AND OTHER RADICAL ARAB FORCES ELSEWHERE. FINALLY, HE SEES IT AS A CRUEL OPPRESSOR OF ITS OWN PEOPLE, BENT ON THE

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PAGE 02 TEHRAN 10954 310618Z

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DESTRUCTION OF THE KURDS, THE SHIAS AND ANY OTHERS THAT MAY STAND IN ITS WAY.

3. IN THE NARROWER PERSPECTIVE OF THE KURDISH/BAGHDAD CONFLICT, WE DO NOT THINK THE SHAH FEELS THE KURDS ARE FIGHTING A HOPELESS BATTLE. WHILE HE IS PROBABLY NOT ANXIOUS THAT THE KURDS "WIN" TO THE EXTENT OF ESTABLISHING A TOTALLY AUTONOMOUS OR INDEPENDENT STATE ON IRAN'S BORDER, HE WOULD NOT BE UPSET TO SEE THEM GAIN SEMI-AUTONOMOUS STATUS ALONG THE LINES OF THE AGREEMENT THAT WAS REACHED BETWEEN BARZANI AND BAGHDAD IN 1970. SO FAR, AT LEAST IN MILITARY TERMS, SUCH A DEVELOPMENT DOES NOT APPEAR UNREALISTIC. WITH ONLY MODERATE HELP FROM IRAN, THE KURDS HAVE HELD OUT AGAINST THE BEST THE IRAQI MILITARY COULD THROW AT THEM AND DURING THIS WINTER THEY MAY WELL RECOVER MUCH LOST TERRITORY AND INFLICT FURTHER DAMAGE ON IRAQI MORALE. IT IS NOT NECESSARY FOR THE KURDS TO TAKE BAGHDAD "TO WIN." IF THEY SUCCEED IN BRINGING DOWN THE BAATHIST GOVERNMENT OR, AT A MINIMUM, IN FORCING IT TO COME TO ACCEPTABLE TERMS WITH THEM, THEN THE KURDS WILL HAVE "WON." ADMITTEDLY, NO ONE CAN FORESEE WHAT A SUCCESSOR GOVERNMENT IN BAGHDAD WOULD LOOK LIKE, BUT IT IS DOUBTFUL THAT EITHER THE KURDS OR THE SHAH BELIEVE IT COULD BE ANY WORSE THAN THE PRESENT REGIME AND THEY ARE QUITE PREPARED TO TAKE THEIR CHANCES WITH ANY SUCCESSOR.

4. FROM OUR PERSPECTIVE, WE DO NOT BELIEVE "WE ARE ALMOST CERTAINLY HEADING FOR A LARGE-SCALE REGIONAL CONFLICT," IF IRAN CONTINUES GIVING THE KURDS ENOUGH HELP TO SURVIVE. CERTAINLY, BAGHDAD MUST REALIZE THAT IF IT LAUNCHED A DIRECT OVERT ATTACK ON IRAN, THE SOVIETS WITH HIGH STAKES IN IRAN AS WELL AS IN IRAQ, WOULD LIKELY STAND ASIDE AND IRAN COULD INFLICT SERIOUS DAMAGE ON IRAQ IN RETALIATION. AS FAR AS IRAN IS CONCERNED, IT HAS EVIDENCED NO DESIRE TO GO BEYOND ENSURING KURDISH SURVIVABILITY AND FRUSTRATING BAGHDAD'S ATTEMPTS TO CRUSH THE KURDS ONCE AND FOR ALL.

5. AS TO THE QUESTION OF WHETHER THE US AND IRAN'S INTERESTS DIVERGE IN THIS MATTER, WE WOULD ONLY NOTE OUR UNDERSTANDING THAT KURDISH-IRANIAN PRESSURE HAS KEPT SOME 80 PERCENT OF IRAQ'S MILITARY TIED DOWN ALONG THE IRAQI-IRANIAN BORDER AND THEREFORE NOT READILY AVAILABLE FOR ADVENTURISM ELSEWHERE. IT IS OBVIOUSLY NOT IN OUR INTEREST TO HAVE INSTABILITY IN THE AREA, BUT WE FRANKLY QUESTION WHETHER THE BAGHDAD REGIME, UNDER DIFFERENT CIRCUMSTANCES, WOULD BE A STABILIZING FORCE. IT WAS AFTER ALL THE CURRENT REGIME THAT FAILED

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PAGE 03 TEHRAN 10954 310618Z

TO LIVE UP TO THE UNDERSTANDING REACHED WITH BARZANI IN 1970 AND LAUNCHED RENEWED MILITARY EFFORTS TO ELIMINATE HIM AND HIS FOLLOWERS. IT WAS THE PRESENT REGIME THAT HAS STEADFASTLY REFUSED TO NEGOTIATE AN AGREEMENT WITH IRAN WHICH ADMITS THE OBSOLESCENCE OF THE 1937

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TREATY DEFINING THEIR COMMON BORDER ON THE SHATT-AL-ARAB, AND IT IS THE BAGHDAD REGIME THAT APPEARS TO HAVE GIVEN AID AND SUPPORT TO THE MORE EXTREME AND OUTRAGEOUS FACTIONS IN THE ARAB WORLD, INCLUDING TERRORISTS, UP TO THE VERY PRESENT.

6. WHILE OUR INTERESTS MAY NOT COINCIDE WITH IRAN'S IN EVERY PARTICULAR VIS-A-VIS IRAQ, AND OUR ASSESSMENT OF THE POTENTIAL AND LIMITS OF WHAT MAY BE DONE TO BRING IRAQ INTO CLOSER HARMONY WITH OUR OBJECTIVES IN THIS AREA MAY NOT BE IN COMPLETE AGREEMENT, WE DO FEEL THEY ARE CLOSER TOGETHER THAN NOT. FURTHER, WE THINK THAT A DEMARCHE TO THE SHAH TO CEASE HIS SUPPORT OF BARZANI WOULD BE INADVISABLE BECAUSE IT WOULD BE UNHEEDED, UNWISE BECAUSE THE PREMISE ON WHICH IT IS PROPOSED IS UNSOUND (OR AT LEAST UNCONVINCING), AND THAT IN FACT IT WOULD NOT SERVE OVERALL US INTERESTS.

7. IN SUM, WE THINK IT IS UP TO BAGHDAD TO TAKE STEPS TO EASE ITS OWN PAIN THROUGH ACCOMMODATION WITH THE KURDS, WITH IRN AND WITH RESPONSIBLE BEHAVIOR GENERALLY. IF IT DID, THE ONUS WOULD BE ON IRAN AMONG OTHERS TO MAKE THE NEXT MOVE AND WE WOULD BE IN A MUCH BETTER POSITION TO ARGUE FOR ACCOMMODATION ON THE IRNIAN SIDE IF WE WERE SO DISPOSED.
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DOC_NBR= 74STATE270404

RELEASE

FILM= D740358-0674

DATE= 10 DEC 74

TYPE= TE

FROM= STATE

DRAFTER= P:ALRAPHEL

OFFICE= ORIGIN SS

TO= REYKJAVIK

CHANNEL= n/a

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ORIGPCLASS= n/a

EO= GS

SUBJECT= KING HUSSEIN'S INTERMEDIARY ROLE

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARBITRATION, KURDS, FOREIGN RELATIONS, AGREEMENTS, TOPOL 35

TAGS= PFOR, IR, IZ, JO, (HUSSEIN D)

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APPROVED BY: ALRAPHEL

S/S. MR. LUERS

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FOR UNDER SECRETARY SISCO

FOLLOWING SENT ACTION TO SECSTATE INFO AMMAN DEC 10, 1974
FROM TEHRAN REPEATED TO YOU:

QUOTE SECRET TEHRAN 10429

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E.O. 11652: GDS

TAGS: PFOR, IR, IZ, JO

SUB: KING HUSSEIN'S INTERMEDIARY ROLE

1. HAVING NOTED VARIOUS REPORTS ABOUT KING HUSSEIN'S ALLEGED ROLE AS INTERMEDIARY BETWEEN IRAN AND IRAQ, ASKED MINISTER OF COURT ALAM MONDAY EVENING IF THIS WERE TRUE AND WHAT WAS HAPPENING. HE REPLIED SUCCINCTLY THAT THE SHAH HAD HAD A DETAILED MESSAGE FROM KING HUSSEIN ABOUT AN IRAQI APPROACH AND THAT THE SHAH HAD REPLIED IN A PRIVATE LETTER TO KING HUSSEIN THAT THE IRANIAN AMABASSADOR TO JORDAN WOULD CONVEY TO THE KING THE SHAH'S REACTION TO WHATEVER THE IRAQI PROPOSALS WERE. THIS EXCHANGE OCCURRED, ACCORDING TO ALAM, WITHIN THE PAST WEEK. THIS WAS ALL THAT ALAM HAD TO SAY.

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PAGE 02 STATE 270404

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2. TALKING BRIEFLY WITH THE SHAH ON DECEMBER 4 FOLLOWING GENERAL HAIG'S AUDIENCE, WAS INTERESTED TO NOTE THAT APROPOS OF NOTHING IN PARTICULAR HE SAID, "I WONDER WHY THE IRAQIS DO NOT SIMPLY SETTLE WITH US. AFTER ALL, THE ISSUES ARE MINOR AS FAR AS THEY ARE CONCERNED." IT MAY WELL BE THAT HE HAD THE IRAQI APPROACH TO KING HUSSEIN IN MIND AT THE TIME ALTHOUGH HE DID NOT MENTION IT. BE THAT AS IT MAY, ANYTHING SHORT OF IRAQI AGREEMENT TO IRANIAN POSITIONS ON THE SHATT AL-ARAB AND OTHER BORDER QUESTIONS WILL GET NOWHERE IN IRAN. BASICALLY THE SHAH HOLDS FIRMLY TO HIS VIEW THAT A DIFFERENT, "DECENT" GOVERNMENT IS NECESSARY IN BAGHDAD. THIS IS ONE OF THE REASONS HE MILITARILY SUPPORTS THE KURDS. BUT AN IRAQI AGREEMENT TO SETTLE WITH IRAN MIGHT BE TEMPTING RIGHT NOW SINCE THE KURDISH WAR IS BECOMING INCREASINGLY EXPENSIVE AND INCREASINGLY HAZARDOUS FROM THE IRANIAN POINT OF VIEW.
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TO : Department of State
INFO: TEHRAN, BAGHDAD, KURDIST, TABRIZ

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FROM : AmConsul Khorramshahr
E.O. 11652: N/A

DATE: December 22, 1974

LAB TAR TR XMB

SUBJECT : TAGS:SREF, IR, 12
Visit to Bahram Kurdish Refugee Camp

AIR ARMY NAVY OSD

USIA NSA CIA

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SUGGESTED DISTRIBUTION

Summary: In recent months the Government of Iran has decided to relieve the pressure on Kurdish refugee camps in the north and has established three camps in Khuzistan Province about 90 miles north of Ahwaz. There are about 37,000 refugees living in the three camps. The Iranian Red Lion and Sun Society is in charge of the camps and seems to be coping with this emergency situation in an efficient way. They are providing the refugees with basic necessities, but there does seem to be a shortage of medical care.

The Bahram Refugee Camp

The reporting officer and Consul and Mrs. Clifford Gross from Tehran made a two-hour visit to the Bahram refugee camp on December 19th. The camp is located on the main north-south highway to Tehran about 90 miles north of Ahwaz. The Bahram camp has a population of approximately 13,000 refugees and two other camps in the area have approximately 16,000 and 8,000 refugees apiece for a total refugee population of 37,000.

The Bahram Camp has 2,000 tents lined up in neat rows, 800 frame houses, a school with 1900 students, a small hospital and an administration building. Families with more than eight members can have two tents or live in one of the frame houses. The

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10-64 DS-323Drafted by:
PO:MHan blow:ggj

Drafting Date:

Phone No.:

Contents and Classification Approved by:
PO:MHornblowClearances:
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Khorramshahr A-14

Page 2 of 3

day-to-day running of the camp is in the hands of the refugees themselves. Each row of tents has three wardens who are responsible for distributing food to families every two weeks. The families do their own cooking.

Medical Care

The Camp has a thirty bed hospital but it is poorly equipped. We were told that equipment for the hospital was "on order" and expected shortly. The doctor is a young Kurd who came along with the refugees. The main diseases he treats are bronchial pneumonia, hepatitis, latent tuberculosis and diarrhea. (Comment: The Kurdish doctor said he was the only physician for all three camps but the camp director said there were now three doctors with more on the way. Whatever the case, it seemed to us that medical facilities at least for the time being are inadequate and the hospital is poorly staffed and poorly equipped. Another problem is that some refugees are probably not aware of the hospital or are not willing to use it.)

The Future

According to the Camp Director there are numerous plans to improve living conditions: building new brick houses, providing electricity for all tents and homes, building a community store and bringing in more doctors and medical equipment. It is not clear how long the refugees will stay. We were told by the Camp Director and the camp SAVAK chief that the refugees were brought down because of overcrowded conditions in the northern camps. The area south of Dezful was chosen because of its mild winters and proximity to agrobusiness enterprises. There is often a need for extra hands to pick cotton or gather sugar beets and this work provides the refugees a little extra pocket money and keeps them occupied.

Some of the refugees will undoubtedly go north this coming spring in order to escape the heat and be near friends and relatives. But some may remain as the facilities and living conditions improve. If the present military situation in Iraq continues, it is quite probable that Kurdish refugees will become a permanent feature on the Khuzistan landscape.

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7th November 1974

A Final Comment

The Iranian Red Lion and Sun Society seems to be doing a good job in providing the refugees with the basic necessities and are wisely allowing them to run their own day-to-day affairs. We visited the camp on a dismal, rainy day and yet the refugees seemed to be cheerful, relaxed and busily making the best of a bad situation. The only immediate problem appears to be the lack of adequate medical facilities.

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DOC_NBR= 74STATE259398

FILM= D740341-0371

DATE= 25 NOV 74

RELEASE

TYPE= TE

FROM= STATE

DRAFTER= O.R. ELTZ

OFFICE= ORIGIN SS

TO= PEKING

CHANNEL= n/a

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EO= GS

SUBJECT= MOSCOW VISIT OF/SHAH

REFERENCE= TEHRAN 9935

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= KURDS, DIPLOMATIC DISCUSSIONS, CHIEF OF STATE VISITS, TOSEC 422,
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TAGS= PFOR, IR, UR, CENTO, (PAHLAVI, MOHAMMAD REZA)

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E.O. 11652: GDS
TAGS: PFOR, IR, UR
SUBJ: MOSCOW VISIT OF SHAH

REF: TEHRAN 9935

1. MINISTER OF COURT ALAM PROVIDED ME ON NOVEMBER 25 WITH CERTAIN
REFINEMENTS AND ADDITIONAL DETAILS OF THE SHAH'S VISIT TO MOSCOW.
ALAM STILL DOES NOT HAVE IN PRECISE TERMS EXACTLY IN WHAT ORDER
VARIOUS MATTERS WERE DISCUSSED AND ON WHAT DAYS. THIS HE HOPES
TO GET STRAIGHTENED OUT WITH ME WHEN HE IS ABLE TO REVIEW THE
ACTUAL RECORD OF THE CONVERSATIONS. MEANWHILE, WHAT APPEARS BELOW
OCCURED ON THE FIRST DAY, THE SPOKESMAN ON THE SOVIET SIDE BEING

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BREZHNEV.

2. WHEN BREZHNEV ASKED THE SHAH WHY HE WAS ARMING THE KURDS, THE SHAH REPLIED, ACCORDING TO ALAM: QUOTE I AM ASTONISHED THAT YOU WOULD ASK ME THIS QUESTION. AFTER ALL, YOU ARE DOING THE SAME THING IN NORTH VIETNAM WITH THIS SMALL DIFFERENCE: THE KURDS ARE BEING KILLED BY IRAQIS WHO ARE USING THE MOST MODERN WEAPONS AND HAVE EVERY INTENTION OF ANNIHILATING THEM. THE KURDS DO NOT HAVE THESE MODERN WEAPONS. IN ADDITION, THE NORTH VIETNAMESE ARE AGGRESSORS AGAINST SOUTH VIETNAM, AND STILL YOU CONTINUE TO HELP THEM. IRAN IS HELPING AN OPPRESSED PEOPLE, YOU ARE HELPING AGGRESSORS. UNQUOTE. AT THIS POINT IN THE MEETING THE SOVIETS CHANGED THE SUBJECT.

3. IN DISCUSSING DIEGO GARCIA THE SHAH TOLD THE SOVIETS THAT HE DID NOT ATTACH AS MUCH IMPORTANCE TO THE BASE AS THEY DID, BECAUSE THE CAPACITY OF LOGISTIC SHIPS THESE DAYS HAS FUNDAMENTALLY SOLVED THE PROBLEM FOR WHICH MILITARY BASES IN REMOTE PLACES USED TO BE DEvised. HE WENT ON TO SAY THAT SINCE DIEGO GARCIA WAS NOT 100 PERCENT AMERICAN, IT DID NOT SEEM TO HAVE THE SAME SIGNIFICANCE AS IT DID IF IT WERE TOTALLY UNDER US CONTROL. THE SHAH THEN ASKED THE RUSSIANS WHY THEY WERE ASKING HIM QUESTIONS WHICH SHOULD MORE PROPERLY BE DIRECTED TO THE AMERICANS. HE ENDED THE DISCUSSION ON DIEGO GARCIA BY SAYING THAT IRAN WANTS A US PRESENCE IN THE INDIAN OCEAN AS LONG AS THE SOVIETS HAVE ONE THEMSELVES. HE POINTED OUT, HOWEVER, THAT IRANIAN PREFERENCE WOULD BE TO HAVE NONE OF THE SUPER-POWERS IN THE INDIAN OCEAN BUT RATHER TO HAVE IT POLICED BY THE LITTORAL STATES. IN OTHER WORDS, THE SHAH TOOK THE SAME LINE AS HE DID IN HIS SPEECHES AND PRESS CONFERENCES WHILE VISITING IN EAST ASIA EARLIER THIS YEAR.

4. WHEN THE SOVIETS RAISED THE QUESTION OF CENTO AND ASKED THE SHAH WHY HE WAS REVIVING IT WHEN IT WAS ALMOST MORIBUND, THE SHAH LAUGHED, STARED ACROSS AT THE SOVIET LEADERS, AND SAID: QUOTE NOW HOW IN THE WORLD COULD CENTO BE A MILITARY THREAT TO THE SOVIET UNION? HOW COULD CENTO ACT AGAINST THE SOVIET UNION UNQUOTE. IN OTHER WORDS, HE JOKED THIS ISSUE OUT OF DISCUSSION. THE SHAH ADMITS THAT WHEN IT WAS FIRST RAISED, HE HAD IN MIND TO RETORT THAT THE SOVIET UNION HAD MADE FRIENDSHIP TREATIES WITH IRAQ AND INDIA. HE IMMEDIATELY DECIDED, HOWEVER, THAT THAT WAS NOT A POLITIC LINE TO TAKE SINCE IRAN WAS NOW MUCH CLOSER TO INDIA AND

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PAGE 03 STATE 259398

THE RUSSIANS MIGHT TELL THE INDIANS OF THE SHAH'S REMARK THEREBY JEOPARDIZING HIS RAPPROCHEMENT EFFORTS. HELMS UNQUOTE
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*** Current Handling Restrictions *** n/a

RELEASE

TAGS= PFOR, IZ, XF

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FOIA Exemptions _____ TS _____
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PAGE 01 BAGHDA 00857 090937Z

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ACTION NEA-10

INFO OCT-01 AF-04 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 OMB-01 IO-10 SAM-01 /081 W

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INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY SANAA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TUNIS

~~CONFIDENTIAL~~ BAGHDAD 857

KUWAIT PASS DOHA AND MUSCAT

EO 11652: GDS—

TAGS: PFOR IZ XF

SUBJ: IRAQ'S RAPPROACHMENT WITH CONSERVATIVE ARAB STATES

REF: BAGHDAD 819

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PAGE 02 BAGHDA 00857 090937Z

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1. IRAQ'S EFFORTS TOWARD RAPPROACHMENT WITH CONSERVATIVE ARAB STATES PROCEEDING FASTER THAN ANTICIPATED. ARAB SUMMIT AT RABAT, WHERE RCC VICE CHAIRMAN SADDAM HUSSEIN MET WITH KING FEISAL AND HUSSEIN, WAS MAJOR TURNING POINT. ACCORDING TO EGYPTIAN AMB AL-NAGGAR, SADDAM SAID TO FEISAL: "YOU ATTACK US FOR BEING COMMUNISTS. WE ARE NOT COMMUNISTS. WE ARE MUSLIMS AND ARABS. WE FACE MORTAL DANGER FROM IRANIAN AGGRESSION AND WE MUST RELY ON RUSSIANS TO ASSIST US. WHEN AND IF WE HAVE OTHER OPTIONS WE WILL TAKE THEM." ARAB LEADERS, INCLUDING SADAT, HAD BEEN IMPRESSED BY SADDAM ALTHOUGH RECOGNIZING THAT TIME WOULD BE NEEDED TO MODERATE IRAQI POLICIES.

2. SINCE RABAT, GOI HAS CEASED PROPAGANDA ATTACKS AGAINST OTHER ARABS, SENT PRESIDENTIAL ENVOY TO KING HUSSEIN TO CONVEY IRAQ'S POSITION ON CONFLICT WITH KURDS AND IRAN (REFTEL, AND INVITED SAUDI, BAHRAIN AND KUWAITI MILITARY REPRESENTATIVES TO ATTEND MILITARY MANEUVERS IN SOUTH. ON NOV 29 KING HASSAN OF MOROCCO SENT SPECIAL ENVOY, MFA UNDER SEC ABDUL HAKIM AL-IRAQI, TO THANK SADDAM FOR HIS ATTENDANCE AND CONSTRUCTIVE ROLE AT RABAT SUMMIT AND, ACCORDING TO ARAB COLLEAGUES, TO INVITE SADAM TO VISIT MOROCCO IN THE SPRING. MORE RECENTLY, IRAQ WAS REPORTEDLY REPRESENTED AT GULF STATES MILITARY MEETING AT DAHAHRAN WHERE PRINCE SULTAN MADE PUBLIC STATEMENT PRAISING IRAQ'S ROLE IN GULF AFFAIRS. NOV 9-14 VISIT OF VP MAROUF TO SUDAN ALSO FITS INTO THIS BROAD EFFORT.

3. COMMENT: WHILE IMMEDIATE REASON FOR IRAQI INTEREST IN ARAB SOLIDARITY MAY BE TO BRING PRESSURE TO BEAR ON IRAN TO CEASE ARMED INTERVENTION AND SUPPORT FOR KURDISH INSURGENCY, IRAQI POLICY TOWARD WEST (E.G. CHIRAC VISIT) AND CONCENTRATION ON ECONOMIC DEVELOPMENT SUGGEST THAT CHANGE MAY BE MUCH MORE SIGNIFICANT AND ONE WHICH AUGURS WELL FOR REGIONAL STABILITY.

4. EGYPTIAN AMMB TOLD ME IN STRICT CONFIDENCE THAT EGYPT IS PREPARED TO GUARANTEE IRAQI NON-INTERFERENCE IN INTERNAL AFFAIRS OF IRAN IF IRAN CAN BE PERSUADED TO CEASE DIRECT SUPPORT TO KURDS.

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PAGE 03 BAGHDA 00857 090937Z

5. WHILE GRANTING THAT IRAQ'S PAST PERFORMANCE JUSTIFIES CERTAIN SKEPTICISM, REVERSAL OF POLICY TOWARD HUSSEIN AND FEISAL IS QUITE SPECTACULAR. WHILE ABILITY OF USG TO INFLUENCE THIS TREND IS MINIMAL, I STRONGLY

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RECOMMEND THAT WE ATTEMPT TO ENCOURAGE IT WHERE POSSIBLE
RATHER THAN ATTEMPT TO PROVOKE IRAQ OR PLAY UP DIFFICERENCES
AMONG ARAB STATES.
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*** Current Handling Restrictions *** n/a
*** Current Classification *** ~~CONFIDENTIAL~~

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Tabriz A-20

- 2 -

MEMORANDUM OF CONVERSATION

October 31, 1974

PARTICIPANTS: A hitherto reliable source (see covering air-gram) and
Ronald E. Neumann, Consul, Tabriz

DATE & PLACE: October 25 and 28, 1974, in Beirut

SUBJECT: Iraqi Kurdish War and Iranian Participation

All statements are as given by the source unless otherwise noted.

Kurdish-Iranian Relations: On March 11, 1974 Barzani himself met with the Shah who promised him, if he would fight, enough aid to keep Barzani from being overrun. In practice, this now amounts to \$10 million a month, exclusive of heavy Iranian expenditure in maintaining over 80,000 Kurdish refugees in camps in Iran. Barzani receives this in cash and, in turn, pays cash for all supplies bought in Iran. At his insistence, all funds go directly to Barzani. Nothing is paid either to the KDP Central Committee or to individual tribal leaders.

The Kurds know that Iran is trying to use them but they are, nevertheless, extremely grateful to Iran. While Barzani does not entirely trust the Shah, he realizes that even if the Kurds obtained autonomy, or even independence, they would remain dependent on Iran for support and, should they ever get it, export of the Kurdish oil. Thus, good long-term Kurdish-Iranian relations are both essential and possible. Insofar as the Shah accepts this line he could worry less about his own Kurds since it would be in the interest of the Iraqi Kurds to assure that the Iranian Kurds remain quiet.

Some areas of friction do exist. The Shah would like to have a bigger hand in running the war and would like to distribute his aid in such a way that he could support other tribal leaders simultaneously. This Barzani has refused, as he has refused Iranian intelligence (SAVAK) efforts to build their own information network. Iran, in turn, has refused requests to assist the Kurds in forming a more complete KDP civil administration in Kurdish occupied areas.

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Comment: Embassy Beirut has had reports agreeing with the last two sentences from other sources. End comment.

Internal Kurdish Politics: The Kurds remain extremely united. The only recent serious attempt to dispute Barzani's control came from a portion of the Harki tribe. This failed utterly, and under one of two brothers 3000 to 4000 Harki's were forced to flee to Turkey from whence they were moved by truck around and back to Iraqi controlled areas. The rest of the tribe, under the other brother's command, is continuing to fight with Barzani.

Comment: Since the Harkis occupy lands roughly parallel to the Iranian border, their successful defection could have posed a serious threat to the movement of Iranian supplies. Their division and defeat, at a time when Barzani is coping with a major Iraqi offensive, speaks well for overall Kurdish unity. End comment.

While Mulla Mustafa continues to make all major decisions, operational control has passed to his sons, Idris and Masoud. Idris handles military operations. Masoud handles intelligence and has an excellent track record including the tipoff on Iraq's shipment of arms to Pakistan last year (a story which Embassy Beirut has from another source) and the obtaining of a complete operational plan for this year's Iraqi offensive. The extent of control exercised by Idris and Masoud indicates that they could probably assume total leadership without much challenge in the event of Mustafa's death.

Outside the family, no other leader holds real power. Jalal Talabani, who at one time had considerable support, has seen most of his followers abandon him and remains in Beirut, posing as a leading Kurdish contact with leftist Arabs but actually without either a real function or real power. Darwa Tawfiq, former editor of the KDP paper in Baghdad and now KDP Director of Information, has been largely discredited as a result of having been taken in by the Ba'th and insisting, until the shooting started, that the Iraqis would continue some sort of negotiations and would not attack noncombatants.

Progress of the War: The source insists that Kurds have retaken Ruwanduz and still hold the critical mountain outside the town although Iraqi troops are on two of the lower ridges. The Iraqi offensive has run out of steam and the Kurds are preparing to make use of the soon-to-arrive winter weather.

Comment: Kurdish occupation of Ruwanduz is not supported by information available in Iran at this time. End comment.

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How the Kurds see the Future: The Kurds still believe that a continuation of the war will eventually bring down the present government and possibly the whole Ba'th structure. They cite various small incidents--a mini-mutiny in one army unit, angry visits by generals to Saddam Hussyn, and the removal of the chief of intelligence--to show that strains and cracks are already appearing. They are making no predictions about the time necessary to bring this about but believe that they can hold on until it happens and that the harshness of the fighting will prove to an eventual successor that real compromise with the Kurds is vital if any Baghdad government is to have reasonable peace to consolidate its power and develop the country.

Although the logical end of so much bloodshed would seem to be a demand for independence, the source indicated that Barzani does not see this as a real possibility. What he continues to want is considerable autonomy within Iraq, the revenues (or at least part of them) from the Kirkuk oil fields and a measure of influence in a new government in Baghdad. Unless these aims can be realized the war will continue.

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DOC_NBR= 74STATE237698

FILM= D740309-0055

DATE= 29 OCT 74

TYPE= TE

FROM= STATE

DRAFTER= O:RJOHNSON:RAM

OFFICE= ORIGIN SS

TO= NEW DELHI

CHANNEL= n/a

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EO= GS

SUBJECT= RESURGENCE OF SOVIET ACTIVITY IN IRAQ

REFERENCE= BAGHDAD 317 OF 5/15/74

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= PROWEST, PETROLEUM, FOREIGN TRADE, POLITICAL SITUATION

TAGS= PFOR, IZ, UR

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FOLLOWING REPEAT OF BAGHDAD 719 ACTION SECSTATE
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DAMASCUS KUWAIT LONDON MOSCOW PARIS TEHRAN TEL
AVIV 24 OCTOBER 1974. QUOTE:

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E.O. 11652: ~~ODS~~

TAGS: PFOR, IZ, UR

SUBJECT: RESURGENCE OF SOVIET ACTIVITY IN IRAQ

REF: BAGHDAD 317 OF 5/15/74

1. IRAQI POLICY TREND TOWARD NON-ALIGNMENT AND
RAPPROCHEMENT WITH WEST APPEARS TO HAVE RESULTED IN MAJOR
SOVIET EFFORT TO AVOID DISPLACEMENT BY WEST. IRAQI REGIME
VULNERABLE TO SOVIET PRESSURES BECAUSE OF KURDISH WAR AND
WHAT IT PERCEIVES AS MILITARY THREAT FROM IRAN. ALTHOUGH
SOVIETS MAY NOT BE ABLE TO REVERSE TREND, THEY MAY SUCCEED
IN SLOW DOWN. FOR THE U.S., THIS COULD MEAN LIMITATION
ON ECONOMIC ACTIVITY AND FURTHER DELAY IN RESUMPTION OF
NORMAL RELATIONS. END SUMMARY.

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2. AS DEPARTMENT WELL-AWARE, IRAQI REGIME MOVED RAPIDLY AFTER IPC SETTLEMENT IN FEBRUARY 1973 TO EXPAND RELATIONS WITH WEST AND DECREASE RELIANCE ON USSR, MOST NOTABLY THROUGH ECONOMIC RAPPROCHEMENT WITH WEST AND JAPAN AND RESUMING RELATIONS WITH UK AND FRG. ON NEGATIVE SIDE FOR USSR, THERE WAS IRAQI INSISTENCE THAT SOVIETS PAY MARKET PRICE IN HARD CURRENCY FOR OIL, CLOSURE OF SOVIET, CZECH, AND EAST GERMAN CULTURAL CENTERS, VIRTUAL IGNORING OF PROVISIONS ON CONSULTATIONS IN IRAQI-SOVIET TREATY OF APRIL 1972, AND SEVERAL PUBLIC STATEMENTS BY RCC VICE CHAIRMAN SADDAM HUSSEIN WHICH STRESSED IRAQI INDEPENDENCE FROM USSR. IN SHORT, MAIN THRUST OF IRAQI POLICY SINCE MARCH 1973 HAS BEEN TOWARD REAL NON-ALIGNMENT AND REPLACEMENT OF SOVIETS AS MAJOR ECONOMIC PARTNER BY WEST.

3. SITUATION OBVIOUSLY NOT LIKING OF SOVIETS AND COMMUNIST DIPLOMATS THROUGHOUT EARLY MONTHS OF 1974 EXPRESSED EXASPERATION WITH IRAQI PRICKLY BEHAVIOR. SOVIETS NO DOUBT WISHED TO REVERSE THIS TREND BUT REALIZED THEIR MEANS OF INFLUENCE LIMITED AND MUST BE USED WITH CAUTION TO AVOID MORE ADVERSE REACTION. SOVIETS WERE ASSISTED BY ERUPTION OF LARGE SCALE FIGHTING AGAINST KURDS IN LATE SPRING AND RESULTING IRAQI NEED FOR MILITARY SUPPLIES AND PROTECTION FROM PERCEIVED MILITARY THREAT FROM IRAN. SERIES OF HIGH LEVEL VISITORS IN FIRST HALF OF 1974 (REFTEL) SEEM TO HAVE SIGNALLED SOVIET DETERMINATION TO MAINTAIN POSITION.

4. EVENTS SINCE THAT TIME APPEAR TO SUPPORT THIS CONTENTION AND THAT IRAQIS ARE VULNERABLE:

(A) PUBLICLY, SOVIETS SEEN TO STAND FIRMLY BEHIND BAAATH REGIME'S EFFORT TO RESOLVE KURDISH PROBLEM THROUGH FORCED APPLICATION OF IRAQI VERSION OF SOVIET "NATIONALITIES POLICY". PRIVATELY, HOWEVER, SOVIETS BELIEVED TO SEE BENEFITS OF KEEPING KURDISH REVOLT ALIVE AS MEANS OF PRESSURE ON BAGHDAD.

(B) SOVIET SUPPLY OF IRAQ WITH HIGHLY SOPHISTICATED MILITARY EQUIPMENT; TO BEST OF USINT'S KNOWLEDGE IRAQ IS ONLY COUNTRY OUTSIDE USSR TO HAVE RECEIVED TU-22 SUPERSONIC

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PAGE 03 STATE 237698

MEDIUM BOMBERS AND ONE OF VERY FEW TO RECEIVE MIG-23S AND SU-20 FIGHTER BOMBERS. IT HAS ALSO RECEIVED SA-2, SA-3, AND SA-7 MISSILES.

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(C) LIKLIHOOD THAT ABRUPT CHANGE IN IRAQI OIL POLICY ON EXPLORATION AND PRODUCTION IN JUNE 1974 WAS RESULT OF SOVIET DISPLEASURE. CONTRACTS WERE VIRTUALLY CERTAIN TO HAVE BEEN AWARDED TO FRENCH-LED CONSORTIUM AND SOME AMERICAN COMPANIES (BAGHDAD 459).

(D) CONTINUAL STREAM OF HIGH LEVEL AND PARTY AND FRONT DELEGATIONS TO USSR, MOST RECENTLY THAT OF FORMER FORMIN TAQA WHICH APPEARS TO HAVE BEEN OCCASION FOR LAVISH PRAISE FROM MOSCOW RADIO (FBIS SEPT 23 PP F1 AND F2) LAUDING SOVIET-IRAQI RELATIONS AS "EXAMPLE OF COMPREHENSIVE COOPERATION OF WORLD SOCIALIST MOVEMENT AND NATIONAL LIBERATION MOVEMENT". OTHER RECENT VISITORS INCLUDED IRAQI CHIEF OF STAFF ABDUL JABBAR SHANSHAL (RECEIVED BY MARSHAL GRECHKO SEPTEMBER 26) AND BAATH PARTY DEL HEADED BY REGIONAL LEADERSHIP MEMBER ABDUL FATTAH YASSIN FOR 10 DAY VISIT AT INVITATION CENTRAL COMMITTEE OF CPSU.

(E) WILLINGNESS OF BAATH REGIME TO ALLOW COMMUNIST FRONT ORGANIZATION TO EXPLOIT IRAQ FOR THEIR OWN PURPOSE; RECENT CONFERENCE IN SUPPORT OF DPRK IN COOPERATION WITH AAPSO AND SCHEDULED INTERNATIONAL CONFERENCE ON OIL AND NATURAL RESOURCES TO BE HELD NOVEMBER 1-4 UNDER AUSPICES OF WORLD PEACE COUNCIL AND AAPSO.

5. DESPITE SOVIET EFFORTS AND IRAQI VULNERABILITY, THERE IS AMPLE EVIDENCE THAT REGIME IS DETERMINED TO PURSUE INDEPENDENT COURSE. IT IS INCREASINGLY ADOPTING RADICAL ARAB BRAND OF NON-ALIGNMENT THROUGH CONTINUING CONTACTS WITH ALGERIA AND YUGOSLAVIA.

WESTERN COMPANIES, PARTICULARLY FRENCH, CONTINUE TO WIN MAJOR CONTRACTS. YUGOSLAVIA HAS BEEN ASKED TO TAKE ON ONE BILLION DOLLAR AGRICULTURAL COMPLEX ALONG YUGOSLAV MODEL. IRAQI MILITARY BELIEVED TO BE STRONGLY NATIONALIST AND IS URGENTLY SEEKING MILITARY SUPPLIES AND TRAINING FROM FRENCH, BRITISH, DUTCH AND OTHER NON-

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PAGE 04 STATE 237698

SOVIET SOURCES. THESE IRAQI INITIATIVES ARE OF COURSE POSSIBLE BECAUSE OF EXPANDED OIL REVENUES. ANOTHER SIGN OF UNDERLYING BAATHI RESISTANCE TO SOVIET INFLUENCE IS CONTINUING VIGILANCE TOWARD ICP (BAGHDAD 718). IN RECENT DAYS ALGERIAN, YUGOSLAV AND EGYPTIAN AMBASSADORS HAVE ALL INDEPENDENTLY EXPRESSED TO ME THEIR SATISFACTION WITH DIRECTION OF IRAQI POLICY.

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6. CONCLUSION I DRAW FROM PRESENT STATE OF AFFAIRS IS THAT SOVIETS ARE MAKING VERY MAJOR BUT CAUSTIOUS EFFORTS THROUGH VARIETY OF OVERT AND COVERT MEANS TO REVERSE IRAQ'S DRIFT TOWARD REAL NON-ALIGNMENT. THEY APPEAR THUS FAR TO BE HAVING ONLY SLIGHT SUCCESS. WETHER THEY ARE MORE SUCCESSFUL IN FUTURE IS LIKELY TO BE DETERMINED BY OUTCOME OF KURDISH WAR AND CONFLICT WITH IRAN. ALGERIAN AMBASSADOR GOES SO FAR AS TO SAY IF BAATH CAN SUBDUE BARZANI IT WILL BE BEGINNING OF END FOR ICP AND MEANINGFUL SOVIET INFLUENCE IN IRAQ. FOR THE U.S., SOVIET SUCCESSES COULD MEAN SLOW DOWN IN BOOMING U.S. EXPORTS (120 MILLION DOLS FOR FIRST 8 MONTHS 1974) AND LIKIHOOD THAT IRAQ DECISION TO NORMALIZE RELATIONS WOULD BE FURTHER DELAYED.

7. WOULD APPRECIATE EMBASSY MOSCOW COMMENTS.
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DOC_NBR= 74BAGHDA00631

RELEASE

FILM= D740266-1048

DATE= 20 SEP 74

TYPE= TE

FROM= BAGHDAD

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

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ORIGCLASS= ~~SECRET~~

ORIGPCLASS= n/a

EO= GS

SUBJECT= KURDISH WAR IN IRAQ

REFERENCE= TABRIZ 020

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARMED FORCES, WAR, KURDS, MILITARY LOGISTICS

TAGS= PINS, IR, IZ

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PAGE 01 BAGHDA 00631 231026Z

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 SAB-01 IO-14 CIAE-00 DODE-00

PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 USIA-15 ACDA-19 OMB-01 CIEP-03

SAM-01 DRC-01 /157 W

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FM USINT BAGHDAD
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INFO AMCONSUL ADANA
AMEMBASSY ANKARA
AMEMBASSY BEIRUT
AMEMBASSY MOSCOW
AMEMBASSY TEHRAN

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TEHRAN PASS TABRIZ

EO 11652: ~~GDS~~
TAGS: PINS, IR, IZ
SUBJECT: KURDISH WAR IN IRAQ

REF: TABRIZ 020

1. WISH TO MAKE FOLLOWING COMMENTS ON EXCELLENT TABRIZ
REFTEL WHICH IS BY FAR MOST COMPLETE ACCOUNT I HAVE SEEN
OF IRAQI AUGUST OFFENSIVE AGAINST KURDS.

2. INFORMATION FROM MILITARY ATTACHES HERE AGREES THAT
VIRTUALLY ENTIRE IRAQI ARMY, WITH EXCEPTION OF TWO BRIGADES
IN BAGHDAD AND TWO IN BASRA, IS ENGAGED IN KURDISH OFFENSIVE
IN ATTEMPT TO FINISH OFF BARZANI BEFORE WINTER. THERE ARE,
HOWEVER, PERSISTENT REPORTS THAT KURDS HAVE ALREADY RETAKEN
QALA DEZEH, ARE THREATENING RAWANDUZ AND THAT OFFENSIVE
HAS GROUND TO HALT. MOST POTENTIALLY DANGEROUS NEW

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INFORMATION IS UNCONFIRMED REPORT THAT IRANIAN ARMY
UNITS MOVED UP TO BORDER IN QALA DEZEH AREA AND GAVE
HEAVY FIRE POWER SUPPORT TO KURDS WITH 175 MM ARTILLERY.

3. USUALLY WELL INFORMED INDIAN INTELLIGENCE OFFICER
BELIEVES TU-22S ARE NOT NOW BEING USED EXTENSIVELY
SINCE IRAQI CREWS ARE BEING TRAINED ON THEM BY RUSSIANS
AT HABBANIYAH. IRAQI ARMOR BEING UTILIZED INCLUDES NOT
JUST T-55S BUT NEWER SOVIET T-62 TANKS. INDIANS ALSO
SAY THEY HAVE JUST SIGNED CONTRACT TO FILL URGENT ORDER
FROM IRAQI ARMY FOR GALOSHES AND WINTER GEAR SUFFICIENT
FOR 150,000 MEN. IRAQIS READY TO SENT SPECIAL SHIP TO
TRANSPORT EQUIPMENT. QUANTITIES ORDERED GIVE CREDENCE TO REPORT
THAT GOI MAKING INCREASED USE OF SOUTHER TRIBES AS PARAMILITARY
FORCE.

4. REGIME APPEARS TO BE INCREASINGLY NERVOUS ABOUT POSSIBLE
KURDISH REPRISALS IN BAGHDAD. ROAD PAST MAIN WATERWORKS HAS
BEEN BLOCKED OFF AND GUARDS HAVE BEEN PLACED ON NEW POINTS,
INCLUDING APARTMENT BUILDINGS OCCUPIED BY RUSSIAN
TECHNICIANS AND THEIR FAMILIES. AMERICAN BUSINESSMEN WHO
DROVE TO KIRKUK SEPT 16 NOTED UNUSUALLY HEAVY TROOP CONCENTRATIONS
ALONG MAIN ROAD AND REINFORCEMENT OF TROOPS AROUND
OIL INSTALLATIONS.

5. COMMENT: CONCLUSION OF MOST OBSERVERS HERE IS THAT
OFFENSIVE IS UNLIKELY TO ACCOMPLISH PURPOSE BEFORE WINTER:
FIGHTING WILL SLOW DOWN AND IRAQIS WILL HAVE TO WITHDRAW
FROM FORWARD POSITIONS AS THEY DID AFTER OFFENSIVES IN
1960S; AND OFFENSIVE WILL BE RENEWED NEXT SPRING. DURING
WINTER, MAIN IRAQI AIM EXPECTED TO BE TO MAKE THINGS AS DIFFICULT
AS POSSIBLE FOR BARZANI, ATTEMPT TO INTERDICT SUPPLIES
AND HEAVY ARMS FROM COMING IN FROM IRAN, AND TRY TO PUT SOME
LIFE INTO HERETOFORE MORIBUND ANTI-BARZANI KURDISH FORCE.
I CAN OBTAIN NO CONFIRMATION OF BEIRUT PRESS REPORTS THAT
NEGOTIATIONS HAVE REOPENED BETWEEN GOI AND BARZANI.

6. IF REPORT OF USE OF IRANIAN ARTILLERY IS TRUE IT WOULD SEEM TO
REPRESENT MAJOR ESCALATION OF IRANIAN SUPPORT FOR KURDS
AND INCREASE LIKLYHOOD OF MAJOR BORDER FIGHTING.

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RELEASE

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DOC_NBR= 74TABRIZ00025

FILM= D740269-1141

DATE= 25 SEP 74

TYPE= TE

FROM= TABRIZ

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= ~~CONFIDENTIAL~~

ORIGPCLASS= n/a

EO= GS

SUBJECT= IRAN-IRAQ AND THE KURDISH WAR: ADDENDUM

REFERENCE= A-TABRIZ 20 B-TEHRAN 7512

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARMED FORCES, WAR, KURDS, REFUGEE RELIEF, MILITARY LOGISTICS

TAGS= SREF, MPOL, PFOR, PINT, IR, IZ

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PAGE 01 TABRIZ 00025 251044Z

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 IO-14 AID-20 SAM-01 SAB-01 DRC-01 SR-02

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FM AMCONSUL TABRIZ

TO SECSTATE WASHDC 96

INFO AMEMBASSY ANKARA

AMEMBASSY DAMASCUS

AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

AMCONSUL ADANA

AMCONSUL KHORRAMSHAHR

USCINCEUR VAIHINGEN GER

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: SREF, MPOL, PFOR, PINT, IR, IZ

SUBJ: IRAN-IRAQ AND THE KURDISH WAR: ADDENDUM

REF: A-TABRIZ 20 B-TEHRAN 7512

SUMMARY: KURDISH REFUGEES CONTINUE MOVING INTO IRAN. IRANIAN FIGURES OF NEARLY 80,000 PLUS REFUGEES CAN NOW BE CONFIRMED. IRANIAN TROOPS DEPLOYED ON BORDER IN ESSENTIALLY DEFENSIVE FORMATION BUT OPTIONS REMAIN OPEN. FOLLOWING ARE DETAILS FROM BORDER TRIP SEPTEMBER 12 TO 20. END SUMMARY.

1. NEARLY 80,000 KURDISH REFUGEES ARE NOW IN IRAN. APPROXIMATELY 28,000 IN WEST AZERBAIJAN PROVINCE REPORTED REFTEL B. IN KURDISTAN PROVINCE 6,500 ARE LOCATED IN CAMP 35 KILOMETERS EAST OF

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PAGE 02 TABRIZ 00025 251044Z

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MARIVAN ON ROAD TO SANANDAJ. THIS AREA EXTREMELY MOUNTAINOUS AND ON BASIS MY TOUR OF CAMP DO NOT BELIEVE THIS AREA COULD TAKE MANY MORE PEOPLE. CAMP ORDERLY AND RESEMBLES THOSE DESCRIBED REFTEL B. TWO THIRDS OF REFUGEES CHILDREN.

2. GOVERNOR-GENERAL OF KERMANSHAHAN PROVINCE, NORMALLY RELIABLE SOURCE, CLAIMS HIS PROVINCE NOW HOST TO 45,000 REFUGEES. THIS LARGE JUMP SINCE JUNE (TABRIZ 08) PARTIALLY CONFIRMED BY AMCIT ENGINEERS WORKING NEAR SANANDAJ WHO REPORT SEEING DAILY TRUCK CONVOYS MOVING REFUGEES IN DIRECTION KERMANSHAHAN DURING LAST MONTH OR MORE. I WITHDRAW SKEPTICISM ABOUT NUMBERS EXPRESSED REFTELS.

3. WINTER QUARTERS FOR KURDISTAN PROVINCE REFUGEES BEING BUILT ON MAIN SANANDAJ-KERMANSHAH ROAD ABOUT 15 KILOMETERS INSIDE KURDISTAN. WOULD ESTIMATE EIGHT TO TEN WEEKS NECESSARY TO FINISH BUILDINGS. CAMP APPEARS LARGE ENOUGH TO HOLD 10,000. ESTIMATE BASED ON COMPARISON WITH CAMPS SEEN REFTEL B. EIGHT WINTER CAMPS BEING BUILT KERMANSHAHAN PROVINCE. THESE, ACCORDING GOVGEN, ARE TO BE COMPLETE SMALL CITIES WHICH MAY SOMEDAY, HOPEFULLY, BE HANDED OVER TO IRANIAN FARMERS.

4. REFUGEES ENTERING MARIVAN AREA DIRECTLY FROM IRAQ INDICATING THIS PORTION OF BORDER NOT COMPLETELY CLOSED DESPITE PRESENCE OF IRAQI TROOPS OTHER SIDE. MY OBSERVATION AGREE WITH STATEMENT SAVAK CHIEF MARIVAN THAT NO, RPT NO, MAJOR SUPPLIES MOVING FROM THIS AREA TO BARZANI KURDS. NO REFUGEES REPORTED MOVING DIRECTLY INTO KERMANSHAHAN. THIS HORDE APPARENTLY MOSTLY TRUCKED DOWN FROM WEST AZERBAIJAN.

5. IRANIAN ARMY UNITS HAVE DEPLOYED ALONG BORDER. AT LEAST TWO BRIGADES OF 64TH INFANTRY DIVISION ARE IN AREA PIRANSHAH TO SOUTH OF SARDASHT. SELF-PROPELLED 155 AND 8 INCH GUNS NEAR BORDER AND HEAVY 175'S BASED 20 TO 25 KILOMETERS BACK FROM BORDER. TWO BATTALIONS OF EKELETAL 28TH DIVISION HAVE MOVED FROM SANANDAJ TO LINE PARALLEL WITH BORDER ABOUT 15 KILOMETERS EAST OF MARIVAN. DIVISION HAS ONLY TOWED 105 ARTILLERY. NOT CLEAR WHERE THIS IS. ONE BRIGADE OF 81ST ARMORED DIVISION ON ALERT AT CAMP AT SAR-E POL-E QOHAB. ONE BRIGADE DEPLOYED ALONG ROAD FROM THIS POINT TO QASR-E SHIRIN. THIRD BRIGADE IN RESERVE AT BISTUN WITH ONE BATTALION ALWAYS ON THIRTY MINUTE ALERT. ARMED AIRCRAFT FROM TABRIZ

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PAGE 03 TABRIZ 00025 251044Z

AND AIRBASE NEAR HAMADAN ARE FLYING REGULAR BORDER PATROLS.

6. REINFORCEMENTS POSSIBLY FROM 16TH DIVISION, HAVE APPARENTLY

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MOVED TO HAMADAN AREA. CANNOT CONFIRM NUMBERS BUT MORE TANKS AND OTHER VEHICLES WERE PARKED IN HAMADAN THAN I HAVE SEEN PREVIOUSLY. ALSO SAW ABOUT 25 TANK CARRIERS MOVING EMPTY FROM HAMADAN IN DIRECTION QASVIN WHICH SUGGESTS DELIVERY OF TANKS TO HAMADAN. WHILE OPTIONS OBVIOUSLY OPEN, DEPLOYMENTS APPEAR BASICALLY DEFENSIVE. THIS SUPPORTED BY FACT MUCH OF TOWED ARTILLERY OF 64TH, 81ST, AND POSSIBLY 28TH DIVISIONS STILL NOT MOVED FORWARD.

7. I FOUND NO EVIDENCE THAT IRANIAN ARMY UNITS HAVE BEEN INVOLVED IN CLASHES WITH IRAQIS OR HAVE FIRED INTO IRAQ. SPORADIC CLASHES REPORTED NEWSPAPER APPEAR TO BE BORNE BY GENDARMERIE AND RESISTANCE FORCES.

8. COMMENT: WISH NOTE THAT WHILE OPTIONS OPEN WINTER RAINS AND SNOWS WILL BEGIN THROUGHOUT THIS AREA IN SIX WEEKS TO TWO MONTHS. UNLESS THINGS CHANGE IN NEXT TWO OR THREE WEEKS SEEMS UNLIKELY IRANIANS WOULD OPT FOR MAJOR RETALIATION TO CONTINUED PROVOCATIONS, AT LEAST UNTIL SPRING.
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*** Current Handling Restrictions *** n/a

<<<**** OASYS DOCUMENT HEADER ****>>>

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RELEASE

FILM= D740249-0783

DATE= 08 SEP 74

TYPE= TE

FROM= TEHRAN

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= ~~LIMITED OFFICIAL USE~~

ORIGPCLASS= n/a

EO= N/A

SUBJECT= IRAN COPES WITH FLOOD OF KURDISH REFUGEES SUMMARY: IRANIAN RED LION
AND SUN SOCIETY ESTIMATES SOME

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= KURDS, REFUGEE RELIEF, FLOODS

TAGS= PINT, PFOR, SREF, IZ, IR

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ACTION NEA-16

INFO OCT-01 EUR-25 IO-14 ISO-00 SAM-01 SR-02 ORM-03 SCS-03

SCA-01 ACDA-19 AID-20 SWF-02 CIAE-00 DODE-00 PM-07

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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 5064
INFO AMEMBASSY ANKARA
AMEMBASSY BEIRUT
AMEMBASSY DAMASCUS
AMEMBASSY MOSCOW
ZEN AMCONSUL TABRIZ
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E.O. 11652: N/A

TAGS: PINT, PFOR, SREF, IZ, IR

SUBJECT: IRAN COPES WITH FLOOD OF KURDISH REFUGEES

SUMMARY: IRANIAN RED LION AND SUN SOCIETY ESTIMATES SOME 73,000 KURDISH REFUGEES NOW BEING SHELTERED AND FED IN SOME 9 CAMPS IN NORTHWESTERN IRAN. (AMCONSUL TABRIZ BELIEVES TOTAL NOT OVER 50,000 - SEE TABRIZ 20) TWO OF THESE CAMPS BEING EQUIPPED WITH PERMANENT BUILDINGS INTO WHICH REFUGEES WILL MOVE BEFORE WINTER BEGINS. CONGRESSMAN WILLIAM BRAY, ACCOMPANIED BY EMBASSY, CONSULATE AND MAAG OFFICERS, VISITED A PERMANENT AND A TENT CAMP SEPTEMBER 7. GROUP IMPRESSED BY EFFICIENT ORGANIZATION AND LEVEL OF SERVICES PROVIDED. NO OFFICIAL PLEA FOR US ASSISTANCE MADE. END SUMMARY.

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PAGE 02 TEHRAN 07512 081216Z

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1. REPRESENTATIVE WILLIAM BRAY, ON PRIVATE VISIT TO IRAN, OBTAINED PERMISSION SEE KURDISH REFUGEE CAMPS SEPTEMBER 7, ACCOMPANIED BY EMBASSY AND MAAG OFFICERS AND AMCONSUL TABRIZ. GUIDE WAS DR. (AND GENERAL) ERFANI, DIRECTOR RED LION AND SUN SOCIETY FOR WEST AZERBAIJAN.

2. ZIVEH CAMP, LOCATED NEAR BORDER WITH TURKEY, IS BOTH TENT CITY AND PERMANENT CAMP. TENT CITY SHELTERS 8,000 KURDISH REFUGEES, OF WHOM 5,000 ARE CHILDREN AND 1,500 WOMEN. ALL CAME FROM PIRANSHAHR, WHICH IS STAGING AREA. TENTS WELL SPACED AND SANITARY PRECAUTIONS GOOD. 14-BED HOSPITAL AVAILABLE, STAFFED WITH 3 DOCTORS, 8 NURSES. SCHOOLS, TRAINING CENTER FOR CRAFTS, SPORTS FIELD, GENERAL STORE PROVIDED. FOOD ISSUED IN BULK AND REFUGEES COOK FOR THEMSELVES. SOME 25 MASONRY AND STEEL STRUCTURES BEING BUILT IN PERMANENT CAMP, WHICH WILL HAVE CAPACITY OF 12-15,000. ABOUT THIRD OF THEM HAVE ROOFS ON AND SOCIETY INSISTS CONSTRUCTION WILL BE FINISHED BEFORE WINTER COMES.

3. AQ BULAQ CAMP, SOUTH OF ZIVEH, IS TENT CITY OF 6,000 REFUGEES. THIS TEMPORARY CAMP WAS BUILT JUST OVER TWO MONTHS AGO, AND INHABITANTS WILL MOVE TO ZIVEH STRUCTURES FOR WINTER. ALTHOUGH MORE SPARTAN THAN ZIVEH CAMP, THIS WAS EQUALLY WELL LAID OUT AND CLEAN. SOME INHABITANTS EMPLOYED IN PUBLIC WORKS PROJECTS TO STAVE OFF BOREDOM AND EARN POCKET MONEY.

4. OTHER RED LION AND SUN CAMPS IN WESTERN AZERBAIJAN: NALIWAN (7,000 REFUGEES); KOLTEH, NEAR SARDASHT (7,000), AND RABAT (TO BE PERMANENT CAMP WITH 12,000). CAMPS IN KERMANSAHAN PROVINCE ARE SARYAS (13,000) AND MARIWAN (4,000).

5. KURDISH DEMOCRATIC PARTY MEMBERS INTRODUCED TO GROUP IN REZAIH CLAIMED SOME 5,000 REFUGEES A DAY WERE ARRIVING IN IRAN, WHILE ALMOST 250,000 MORE WERE WAITING ON IRAQI SIDE OF BORDER. AS TURKS HAD CLOSED BORDER WITH IRAQ AND SYRIA HAD REFUSED TO TAKE REFUGEES, THEY SAID, IRAN WAS ONLY HOPE AND HAD RESPONDED WELL TO HUMANITARIAN NEEDS. (ERFANI IMPLIED THAT THERE WAS SOME SELECTIVITY EXERCISED AND ONLY ABOUT 100,000 MORE WOULD BE ALLOWED IN.) ONE KDP MEMBER

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PAGE 03 TEHRAN 07512 081216Z

CLAIMED IRAQIS HAD USED CLUSTER BOMB UNIT WEAPONS AGAINST KURDS. HE SAID 60 PERCENT OF CASUALTIES WERE WOMEN AND CHILDREN.

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6. GOVGEN DEHESTANI TOLD GROUP HE HAD JUST VERIFIED KILLING OF 15 IRANIANS AT KOHNEH LAHIJAN, FIVE KILOMETERS FROM IRAQI BORDER. BOMBING ATTACK BY FOUR PLANES OCCURRED ABOUT 0830 HOURS AND VILLAGE ON PLAIN, NOT IN HILLS; FACTORS WHICH CONVINCED DEHESTANI ATTACK WAS DELIBERATE. SOVIET MARKINGS VISIBLE ON TAIL FINS OF AT LEAST ONE OF THE FOUR BOMBS DROPPED DURING ATTACK.

7. COMMENT: ERFANI CONDUCTED LOW-KEY FACTUAL BRIEFING WHICH POINTED UP IMPRESSIVE ACCOMPLISHMENTS. PLAIN-CLOTHES SECURITY PERSONNEL INHIBITED CONTACT WITH REFUGEES EXCEPT WHEN ERFANI INTERVENED. BRAY ALLOWED TO PHOTOGRAPH CAMPS. ONLY HINT OF NEED FOR US ASSISTANCE WAS MADE BY KDP MEMBER BUT NOT PICKED UP BY SOCIETY OFFICIALS, WHO APPEAR PROUD TO BE DOING JOB WITH OWN RESOURCES. THIS CONTRASTS WITH EDITORIALS IN TEHRAN PRESS CRITICIZING ICRC AND UN FOR NOT OFFERING TO ASSIST IRAN WITH REFUGEE PROBLEM.

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DOC_NBR= 74BAGHDA00569

FILM= D740243-0236

DATE= 31 AUG 74

TYPE= TE

FROM= BAGHDAD

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

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ORIGCLASS= ~~CONFIDENTIAL~~

ORIGPCLASS= n/a

EO= GS

SUBJECT= IRAQI-IRANIAN CONFLICT

REFERENCE= BAGHDAD 0568

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= FOREIGN RELATIONS, MOBILIZATION, MILITARY BUILDUP

TAGS= PFOR, IZ, IR

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PAGE 01 BAGHDA 00568 030906Z

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

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FM USINT BAGHDAD
TO SECSTATE WASHDC 1207
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ANKARA
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AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KABUL
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MOSCOW
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E.O. 11652 ~~GDS~~

TAGS: PFOR IZ IR

SUBJECT: IRAQI-IRANIAN CONFLICT

REF: BAGHDAD 569

1. FOLLOWING IS TEXT OF UNOFFICIAL BRITISH TRANSLATION OF
MFA NOTE OF AUGUST 25 GIVEN TO HEADS OF DIPLOMATIC MISSIONS
IN BAGHDAD:

2. QUOTE: "MFA PRESENTS ITS COMPLIMENTS AND HAS HONOR TO

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PAGE 02 BAGHDA 00568 030906Z

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INFORM THEM THAT, AT TIME WHEN IRAQ EXPRESSED ITS SINCERITY AND GOOD INTENTIONS BY ACCEPTING SECURITY COUNCIL RESOLUTION 348 OF 28 MAY 1974, AND HAD ACTUALLY COMMENCED NEGOTIATIONS IN ISTANBUL IN ORDER TO CARRY OUT WITHOUT DELAY THE RESOLUTION BY LAYING DOWN AN AGENDA TO DEAL WITH THE PROBLEMS OUTSTANDING BETWEEN IRAQI AND IRAN, AND AT A TIME DURING WHICH THE TWO DELEGATIONS ARE CONTINUING THEIR MEETINGS TO THIS END, AND IN VIOLATIONS OF PARAGRAPHS 1 AND 2 OF THE RESOLUTION WHICH REQUIRES THE STRICT OBSERVANCE OF THE CEASE-FIRE AND IMMEDIATE WITHDRAWAL OF ARMED FORCES, THE IRANIAN GOVERNMENT CONTINUED TO CONSOLIDATE ITS TROOP CONCENTRATIONS ALONG THE IRAQI/IRANIAN BORDER. ON THE 21ST OF THIS MONTH THESE AMOUNTED TO THREE ARMORED DIVISIONS, TWO INFANTRY DIVISIONS AND TWO INDEPENDENT INFANTRY BRIGADES FORMING A LARGE PROPORTION OF THE IRANIAN ARMY. IRAN HAS PLACED ALL THE AIR BASES ON FULL ALERT AND HAS ALERTED THE REMAINDER OF THE IRANIAN ARMY UNITS.

3. "AT 1635 HOURS ON THE 22ND OF THIS MONTH, IRANIAN AIRCRAFT VIOLATED IRAQI AIR-SPACE DEEP WITHIN THE RAWANDUS AREA AT SPEEDS OF 700 MPH. DURING THE NIGHT 23/24TH OF THIS MONTH, IRANIAN MILITARY UNITS, USING LIGHT WEAPONS SUPPORTED BY MORTARS, ATTACKED THE POLICE POST AT QAAQAA IN KHANAQIN DISTRICT. THE ATTACK WAS RESISTED BY THE IRAQI POLICE AND LED TO THE DEATH OF ONE IRAQI POLICEMAN AND THE WOUNDING OF OTHERS.

4. "IT IS CLEAR THAT THE IRANIAN MEASURES ARE INTENDED TO IMPEDE THE EFFORTS AIMED AT CARRYING OUT THE COUNCIL'S RESOLUTION AND THE RECOMMENDATIONS OF THE SECRETARY GENERAL'S REPRESENTATIVE, AND THAT THE IRANIAN GOVERNMENT ALONE BEARS THE RESPONSIBILITY FOR THE OUTCOME. END QUOTE.

5. COMMENT BY SEPTTEL. LOWRIE.

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<<<*** OASYS DOCUMENT HEADER ***>>>

DOC_NBR= 74TABRIZ00020

FILM= D740244-1134

DATE= 04 SEP 74

TYPE= TE

FROM= TABRIZ

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

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SUBJECT= THE KURDISH WAR IN IRAQ SUMMARY: THE LONG HERALDED IRAQI INVASION OF THE BARZANI COUNTRY

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARMED FORCES, WAR, MILITARY LOGISTICS

TAGS= PINS, IR, IZ

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PAGE 01 TABRIZ 00020 01 OF 02 041429Z

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

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FM AMCONSUL TABRIZ

TO SECSTATE WASHDC 92

INFO AMEMBASSY ANKARA

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

AMCONSUL ADANA

AMCONSUL KHORRAMSHAHR

USCINCEUR VAHINGEN GER

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: PINS, IR, IZ

SUBJ: THE KURDISH WAR IN IRAQ

SUMMARY: THE LONG HERALDED IRAQI INVASION OF THE BARZANI COUNTRY HAS BEGUN. THE IRAQI STRATEGY APPARENTLY IS TO DRIVE A WEDGE FROM THE PLAINS ALONG A ROUTE ROUGHLY PARALLEL TO THE IRANIAN BORDER UNTIL THEY REACH THE TURKISH BORDER AND THEN FORTIFY THIS LINE TO PREVENT THE INFLOW OF IRANIAN SUPPLIES AND THE OUTFLOW OF KURDISH CIVILIANS. THE CIVILIANS WOULD THEN HAVE TO BE FED OUT OF INCREASINGLY LIMITED KURDISH SUPPLIES RATHER THAN EVACUATED TO IRAN. HAMPERED BY THEIR OWN LACK OF ANTI-TANK AND ANTI-AIRCRAFT GUNS, THE KURDS HAVE ADOPTED A STRATEGY OF FIGHTING INCREASINGLY HARDER DELAYING ACTIONS WHILE MAINTAINING A STEADY STREAM OF ATTACKS IN THE REAR OF THE MAIN BATTLE AREAS AND HOPING TO BLEED THE IRAQI ARMY TO A LEVEL WHICH WILL BE INTOLERABLE AND WILL

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PAGE 02 TABRIZ 00020 01 OF 02 041429Z

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EVENTUALLY FORCE EITHER A CHANGE OF POLICY OR OF THE GOVERNMENT. THE INITIAL IRAQI ATTACKS HAVE SUCCEEDED AFTER HARD FIGHTING AND ONE OF TWO MAIN IRANIAN SUPPLY POINTS HAS CEASED ITS SUPPLY FUNCTION. THE REFUGEE FLOW HAS INCREASED AND WILL CERTAINLY INCREASE FURTHER IN THE NEXT FEW WEEKS. IRANIAN TROOPS ARE ON ALERT ALONG THE BORDER BUT THEIR INTENTIONS ARE NOT CLEAR. THESE ARE THE PRINCIPAL RESULTS OF RECENT TALKS WITH GOI OFFICIALS, FOREIGN CORRESPONDENTS AND BARZANI KURDS ENCOUNTERED IN WESTERN IRAN CLOSE TO THE COMBAT AREA. END SUMMARY.

1. CONSUL SPENT PERIOD AUGUST 25 TO 28 IN WESTERN AZERBAIJAN. CONTACTED DURING THIS PERIOD WERE: PETER STURKEN, WOUNDED US JOURNALIST WHO WAS RECOVERING IN PIRANSHAHR HOSPITAL, TWO FRENCH JOURNALISTS WHO HAD JUST COME FROM THE FIGHTING, SEVERAL PISH MERGA OFFICERS, DARA TAWFICK, GENERAL SECRETARY OF INFORMATION, CULTURE AND YOUTH OF KDP, AND NUMEROUS IRANIAN OFFICIALS OF WHOM GENERAL OTMISHI, THE GOVERNOR OF SARDASHT, WAS THE MOST HELPFUL. FROM THESE TALKS THE FOLLOWING PICTURE EMERGED.

2. IRAQI ARMY: ACCORDING TO KURDS THE IRAQIS HAVE SIX REGULAR DIVISIONS AND TWO SPECIALIZED DIVISIONS (ONE MOUNTAIN) PLUS SEVERAL INDEPENDENT BATTALIONS ENGAGED IN KURDISH WAR. THEIR EQUIPMENT IS CONSIDERABLY SUPERIOR TO THAT AVAILABLE IN PREVIOUS WAR AND THEY ARE MAKING FULL USE OF SOVIET SUPPLIED AIRCRAFT, MOSTLY OLDER MIGS AND T-22 BOMBERS, AND NEW T-55 TANKS. THEY HAVE ADOPTED TACTICS OF ATTACKING IN LARGE FORCE AND DO LITTLE SMALL UNIT MOVEMENT. THEY RARELY MAINTAIN AN ATTACK IN THE FACE OF HEAVY FIRE, EVEN WHEN THEY CONSIDERABLY OUTNUMBER THE DEFENDING FORCE, AND RELY ON AIR AND ARTILLERY STRIKES BEFORE RENEWING THE ATTACK. IRAQI ARMY PAY IS REGULAR AND THERE IS FAR LESS OF A PROBLEM WITH DESERTIONS THAN FORMERLY. KURDS CLAIM TO HAVE SOVIET ADVISORS ON THE RADIO AND BELIEVE SOVIET PILOTS MAY BE FLYING T-22'S BUT THEY HAVE NO PROOF. KURDS STATE IRAQIS ARE FIGHTING HARDER AND BETTER THAN IN PREVIOUS WAR AND HAVE OBVIOUSLY LEARNED SOME LESSONS.

3. GOAL OF IRAQI STRATEGY APPEARS TO BE CUTTING OFF KURDISH SUPPLY LINE TO IRAN BY CREATING FORTIFIED LINE PARALLEL TO IRANIAN BORDER. TWO DIVISIONS HAVE ATTACKED NORTH FROM SULAYMANIYAH AND HAVE REACHED QALAT DIZAH WHICH FELL LAST WEEK. THIS, ACCORDING GOVERNOR OF SARDASHT GENERAL OTMISHI, HAS CUT SUPPLY LINE FROM SAR-

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DASHT. ONLY SUPPLIES NOW MOVING FROM SARDASHT ARE FOR APPROXIMATELY 10,000 REFUGEES STACKED UP ON IRAQI SIDE OF BORDER AND WAITING TO MOVE INTO IRAN.

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4. SECOND IRAQI FORCE OF THREE DIVISIONS APPARENTLY ATTACKING NORTH-EAST TO RAWANDUZ WHICH WAS OCCUPIED ABOUT AUGUST 23 AFTER TWO WEEK LONG BATTLE AROUND MOUNTAIN COMMANDING ALI BEG PASS OUTSIDE TOWN. ACCORDING TO MR STURKEN THE KURDS HELD THEIR POSITIONS DURING LATTER BATTLE THROUGH SEVERE POUNDING AND TWICE TURNED BACK IRAQI ARMORED ATTACKS WHEN THEY SCORED DIRECT HITS ON IRAQI TANKS WITH SINGLE FIELD PIECE. KURDS HAD ONLY THIRTY ROUNDS FOR THE GUN AND WHEN THIS RAN OUT THEY WERE FORCED TO ABANDON POSITION. IRAQIS SECURING ROAD COMMUNICATIONS BY BUILDING COMPANY SIZE FORTIFICATIONS EVERY HALF MILE OR LESS. POSITIONS PROTECTED WITH SOVIET TYPE CLAYMORE MINES, BARB WIRE AND INFANTRY WEAPONS AND RECEIVE RAPID AIR COVER AND AIR DROPPED FLARES WHEN ATTACKED AT NIGHT, MAKING THEM TOUGH NUTS TO CRACK. IRAQIS PROBABLY PLANNING ON CONTINUING DRIVE TOWARD BARZAN, PRESENTLY TRANSFER POINT WHERE SUPPLIES TRUCKED FROM IRAN ARE SWITCHED TO ANIMAL TRANSPORT FOR WESTWARD MOVEMENT INTO KURDISH AREA.

5. IRANIAN INPUTS: KURDISH CONTACTS CONFIRMED THAT TURKISH BORDER COMPLETELY CLOSED BUT THAT SUPPLIES MOVING FREELY FROM IRAN. SUPPLIES ARE MOSTLY FOOD, MEDICINES, AND CLOTHES, ALTHOUGH SOME AMMUNITION AND SMALL QUANTITY OF ANTI-TANK AND ANTI-AIRCRAFT GUNS WERE RECENTLY TRANSFERRED TO KURDS. PIRANSHAHR (SHOWN ON SOME MAPS AS KHANEH) IS NOW MAIN SUPPLY POINT ON IRANIAN SIDE. IN ONE DAY AROUND PIRANSHAHR I COUNTED 12 TWO AND HALF TON TRUCKS, 15 VEHICLES OF LANDROVER-THREE QUARTER TON TRUCK SIZE, AND HALF A DOZEN SEDANS BELONGING TO BARZANI KURDS (USUALLY IDENTIFIABLE BY LACK OF LICENSE PLATES AND BLUE HEADLIGHTS AND CHROME MARKINGS). QUANTITY OF IRANIAN SUPPLIES TO BARZANI SAID TO BE INCREASING BUT ARMS SUPPLY APPARENTLY STILL LIMITED.

6. KURDS CLAIM 70,000 REFUGEES NOW IN IRAN WITH ANOTHER 20,000 WAITING ON BORDER TO CROSS INTO IRAN. IRANIAN PAPERS HAVE PUBLISHED SIMILAR FIGURES. I TEND SHARE SKEPTICISM OF GOVERNOR OTMISHI AND, BASED ON WHAT I HAVE SEEN AND BEEN TOLD BY OTHER GOI CONTACTS, WOULD AGREE WITH HIM THAT TOTAL PROBABLY NOT ABOVE 40,000 TO 50,000 WITH 10,000 OR MORE LIKELY TO BE ADDED SOON. HOWEVER, IF FIGHTING CONTINUES AT PRESENT PACE FIGURE OF 70,000 OR

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MORE MIGHT BE REACHED BEFORE WINTER. REFUGEES MOSTLY WOMEN, CHILDREN AND OLD MEN. MANY PISH MERGA CIRCULATE IN AND OUT OF IRAN BUT DO NOT REMAIN IN CAMPS. ALL REFUGEES SUPPOSEDLY ACCOMODATED IN RED LION AND SUN (IRANIAN RED CROSS) CAMPS PREVIOUSLY REPORTED. KURDS HAVE THEIR OWN DOCTORS AND TEACHERS WITH THEM.

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FM AMCONSUL TABRIZ

TO SECSTATE WASHDC 093

INFO AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMCONSUL ADANA

AMEMBASSY TEHRAN BY POUCH

AMCONSUL KHORRAMSHAHR BY POUCH

USCINCEUR VAHINGEN GERMANY

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BEIRUT PASS BAGHDAD

DIRECTOR OF EDUCATION IN REZAIYEH COMMENTED THAT KURDS DOING OWN TEACHING IN KURDISH AND THAT MINED SUPPLYING ONLY BASIC SUPPLIES PLUS TWO TEACHERS REQUESTED BY KURDS TO TEACH PERSIAN TO KURDISH TEACHERS. TWO NEW CAMPS ARE SAID TO BE UNDER CONSTRUCTION IN WEST AZERBAIJAN FOR WINTER WITH ONE ROOM ALLOCATED FOR EACH FAMILY. HOSPITALS AS REPORTED PREVIOUS TELS STILL FUNCTIONING WITH BOTH IRANIAN AND PISH MERGA DOCTORS. IRANIANS OBVIOUSLY SENSITIVE THAT DEGREE OF INVOLVEMENT NOT BECOME TOO PUBLIC. PERMISSION NEEDED TO ENTER CAMPS AND KURDS STATED THAT THEY WERE NOT ALLOWED TO CIRCULATE FURTHER EAST THAN TOWN OF REZAIYEH.

7. IRANIAN MILITARY ON ALERT THROUGHOUT BORDER AREA. ARMY UNITS REMAIN IN CAMPS BUT VEHICLES ARE DISPERSED,

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CAMOUFLAGE NETTING IS IN USE AND LIMITED NUMBER OF LIGHT

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ANTI-AIRCRAFT GUNS AND LIGHT FIELD PIECES ARE SET UP AROUND BASES. TABRIZ AIR BASE ON FIFTY PERCENT ALERT AND ROUTINE FLYING PERFORMED WITH PLANES FULLY ARMED. RUMOR CLAIMS ADDITIONAL TROOPS HAVE MOVED FROM ZANJAN AND QAZVIN TO BORDER AREA. IRANIAN INTENTIONS MAY BE PURELY DEFENSIVE IN VIEW CLASHES FURTHER SOUTH AND LARGE NUMBERS IRAQI TROOPS NOW OPERATING CLOSE TO BORDER. AT PRESENT THERE IS NO, RPT NO, DEPLOYMENT INDICATING IRANIAN OFFENSIVE AND ALERT MAY SIMPLY BE PRECAUTIONARY MEASURE.

8. KURDS: GIVEN DISPARITY OF EQUIPMENT KURDS REALIZE THEY CANNOT HOLD FIXED POSITIONS. ACCORDING ONE CONTACT BARZANI COMMANDERS ARE INSTRUCTED HOW MANY CASUALTIES THEY CAN AFFORD IN HOLDING ANY GIVEN POSITION AND ARE THUS FIGHTING DELAYING ACTION WITH RESISTANCE BECOMING INCREASINGLY STRONG AS IRAQIS PUSH NORTH. AT SAME TIME THEY ARE MAINTAINING NUMEROUS FORCES ALONG ROUTES TAKEN BY IRAQIS AND ARE CONTINUING SMALL ATTACKS TO KEEP IRAQIS FROM FEELING SECURE ANYWHERE IN KURDISTAN AND FORCE THEM TIE UP INCREASING NUMBERS IN GUARD DUTY. KURDS HOPE TO BLEED IRAQIS AT MINIMUM RATE OF 30 KILLED PER DAY (9,000 PER YEAR PLUS WOUNDED) AND THINK THIS MAY EVENTUALLY UNDERMINE WILL TO FIGHT AND BRING ABOUT FALL OF BAGHDAD GOVERNMENT.

9. FOREIGN CORRESPONDENTS, IRANIAN, AND PERSONAL OBSERVATIONS ALL AGREE THAT KURDISH MORALE EXTREMELY HIGH. ACCORDING TO DOCTOR AND GOVERNOR OTMISHI, KURDS LEAVE HOSPITAL AS SOON AS THEY CAN MOVE AND RETURN TO FRONT LINES. MORE VOLUNTEERS ARE SUPPOSEDLY AVAILABLE TO JOIN PISH MERGA THAN THERE ARE GUNS TO SUPPLY THEM. KURDS SAID TO BE FAR MORE UNIFIED THAN IN PAST WITH HEAVY MOVEMENT OF URBAN EDUCATED KURDS TO BARZANI. EXAMPLES ABOUND: IN LAST WAR PISH MERGA HAD HALF A DOZEN DOCTORS, THIS TIME THEY CLAIM 92 ARE SERVING WITH ARMY IN KURDISTAN AND ANOTHER EIGHT TO TEN ARE IN CAMPS AND HOSPITALS ON IRANIAN SIDE. GUN THAT GAVE SUCH GOOD SERVICE AT RAWANDUZ WAS MANNED BY CREW OF SIX ARTILLERY OFFICERS, FORMERLY IN IRAQI ARMY. AT BEGINNING OF WAR EVERYBODY GRABBED WHAT THEY COULD AND HEADED FOR THE HILLS. ONE GROUP OF KURDISH POLICEMEN FROM SULAYMANIYAH EVEN TOOK

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THEIR PRISONERS WITH THEM AND, SINCE THEY HAVE SEEN TOO MUCH TO BE RELEASED, THEY ARE FINISHING OUT THEIR SENTENCES IN KURDISH JAIL. MR. TAWFICK STATED THAT COMMUNISTS NO LONGER A THREAT AND THAT MANY KURDISH COMMUNISTS NOW FIGHTING WITH BARZANI SIDE BY SIDE WITH CHRISTIAN KURDS, SOME OF WHOM I MET.

10. EQUIPMENT IS MAIN PROBLEM. KURDS HAVE SOME OLD FIELD PIECES, ANTI-TANK AND ANTI-AIRCRAFT GUNS AND RPG-7 SHORT RANGE ANTI-TANK WEAPONS. ANTI-AIRCRAFT FIRE HAS FORCED IRAQIS TO STAY AT HIGHER ALTITUDES BUT AS MUCH OF THEIR MISSION IS CROP DESTRUCTION AND BOMBING VILLAGES THIS NOT VERY IMPORTANT. CORRESPONDENTS AND KURDS BOTH CLAIMED THAT RADIO KURDISTAN IS ACCURATE IN ITS REPORTING, THAT PLANES AND TANKS REPORTED DESTROYED ARE CONFIRMED KILLS (THIS NOT TRUE FOR PLANES IN FIRST MONTHS OF WAR BUT TRUE NOW) AND THAT DISPROPORTION OF IRAQI TO KURDISH CASUALTIES IS ACCURATE. WHERE KURDS HAVE TAKEN HEAVY CASUALTIES IS IN CIVILIAN POPULATION. BOTH DOCTOR IN PIRAMSHAHR AND MR. TAWFICK COMMENTED THAT CIVILIAN CASUALTIES MUCH HIGHER THAN IN PREVIOUS WAR. KURDS NOW HOLD SOME 200 IRAQI PRISONERS. CLAIM THESE ALL IN IRAQ AND WELL TREATED AS THEY ARE SHOWPIECE WHICH VISITING JOURNALISTS ARE INVITED SEE. ACCORDING ALL CONTACTS NO IRANIAN KURDS FIGHTING IN IRAQ AND BARZANI KURDS GAVE IMPRESSION IRANIAN KURDS WOULD NOT BE ACCEPTED.

11. CONCLUSION. THE WAR HAS CLEARLY ENTERED A MORE SERIOUS PHASE. THE IRAQIS MAY WELL NOT BE ABLE TO COMPLETE THEIR LINE BEFORE WINTER GROUNDS THEIR AIRCRAFT AND CONFINES THEIR TANKS TO THE ROADS. THE KURDS MIGHT BE ABLE TO TAKE BACK SOME OF THE PLACES THEY HAVE LOST BUT COULD PROBABLY NOT HOLD THEM NEXT SUMMER UNLESS THEY RECEIVED MAJOR QUANTITIES OF NEW EQUIPMENT. NEVERTHELESS, THE KURDS POINT OUT THAT THEY FOUGHT THE LAST WAR WITHOUT HAVING TRUCKED IN SUPPLIES AND THAT THEY WILL GO ON FIGHTING NO MATTER WHAT STRATEGIC POINTS ARE LOST OR HOW POOR THEIR EQUIPMENT IS. THEY SOUND LIKE THEY MEAN IT AND THEIR RECORD SUPPORTS THEM. THE QUESTION THEN MAY BECOME HOW LONG THE IRAQIS, EVEN WITH SOVIET SUPPORT, CAN TOLERATE THE WAR'S CONTINUATION.

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SUBJECT= SOVIET DEMARCH REGARDING IRAN/IRAQ RELATIONS

REFERENCE= TEHRAN 3044

CONTROL NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS, POLITICAL SITUATION,
MINORITIES, UNCONVENTIONAL WARFARE

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SUBJECT: SOVIET DEMARCH REGARDING IRAN/IRAQ RELATIONS

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[REDACTED] APRIL 27, SHAH
ASKED THAT FOLLOWING REPORT OF CONVERSATION HE HAD HAD EARLIER
THAT DAY WITH SOVIET AMBASSADOR BE REPORTED TO ME:

2. SHAH RECIEVED YEROFEYEV AFTERNOON OF APRIL 27 AT SOVIET
AMBASSADOR'S REQUEST. YEROFEYEV HAD STATED IT WAS SOVIET POLICY
NOT RPT NOT TO INTERFERE IN INTERNAL AFFAIRS OF IRAQ AND SUGGESTED
IT WOULD BE BETTER IF IRAN WOULD FOLLOW SIMILAR POLICY. IT HAD
BEEN NOTICED THAT SOME IRANIAN NEWSPAPERS FAVORED KURDS IN THEIR
TREATMENT OF NEWS AND SHOWED SUPPORT FOR KURDISH OPPOSITION TO
IRAQI GOVERNMENT.

3. SHAH RESPONDED THAT PRESENT IRAQI GOVT HAS BEEN FOLLOWING
OLD COLONIALIST POLICY WITH RESPECT TO BOUNDARIES. WHEN
YEROFEYEV ASKED IF HE WAS REFERRING TO SHATT AL'ARAB, SHAH
SAID YES. FURTHERMORE, SHAH CONTINUED, IRAQI REGIME IS
INTERFERING FLGRANTLY AND AGRESSIVELY IN INTERNAL AFFAIRS
OF IRAN AND OTHER COUNTIRES IN REGION. FOR A LONG TIME IRAQ
HAS BEEN TRAINING LARGE NUMBERS OF SABOTEURS AND TERRORISTS IN
CAMPS IN IRAQ AND DISPATCHING THEM AGAINST HER NEIGHBORS. IRAQ
HAS OPENLY SUPPORTED SO-CALLED QTE FREE KHUZEISTAN MOVEMENT UNQTE

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AND HAS PUBLISHED MAPS SHOWING THIS PROVINCE OF IRAN AS PART OF IRAQ. IRAQ HAS SUPPORTED, TRAINED AND ARMED QTE FREE BALUCHI MOVEMENT UNQTE AGAINST PAKISTAN AND IRAN AND FOR YEARS HAS SUBSIDIZED AND INSTIGATED ANTI-IRANIAN INTRIGUES OF IRANIAN TRAITOR TIMUR BAKHTIAR. IRAQ ALSO PROMOTES SUVERSION AND REVOLUTIONARY GUERRILLA AND TERRORIST ACTIVITY AGAINST VOERNMENTS OF OMAN AND PERSIAN GULF STATES.

4. NON-INTERFERENCE IN INTERNAL AFFAIRS, SAID SHAH, IS TWO-WAY STREET. IF IRAQI REGIME CONTINUES INTERFERE AGGYESSIVELY IN INTERNAL AFFAIRS OF ITS NEIGHBORS, IT CANNOT EXPECT THEM NOT RPT NOT TO SYMPATHIZE WITH ELEMENTS IN IRAQ WHICH DO NOT RPT NOT FAVOR SUCH HOSTILE POLICIESM AS FOR KURDS, THEY ARE BLOOD BROTHERS TO IRANIANS WHO NATURALLY SYMPATHIZE WITH THEM WHEN THEY SEE THEM OPPRESSED AND, LATELY, SUBJECTED TO GENOCIDAL ATTACKS. IT IS NOT RPT NOT JUST SOME IRANIAN PAPERS WHICH SUPPORTS KURDS BUT ALL PAPERS, SAID SHAH, AND WHY NOT? UNTIL IRAQ DESISTS FROM HER PRESENT POLICIES, HE SAID HE SEES NO PURPOSE IN RECEIVING IRAQI DELEGATION TO DISCUSS BOUNDRY AND OTHER ISSUES BETWEEN TWO COUNTRIES.

5. YERFEYEV SAID HE WOULD REPORT CONVERSATION TO HIS GOVT IMMEDIATELY. SHAH SPECULATED THAT SOVIET DEMARCHE HAD BEEN REQUESTED BY IRAQIS. HE ADDED HE WOULD NOT RPT NOT BE INTIMIDATED BY SOVIETS IN THIS MATTER AND WOULD NOT RPT NOT CHANGE IRANIAN POLICY TOWARD PRESENT IRAQI REGIME UNTIL THAT RGIME CEASED ITS EFFORTS AT REGIONAL SUBVERSION.
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NEA:PHARE/PBURLEIGH

PM:AHOLMES PM/TMP:RDUBOSE

INR:MABRAMOWITZ

EUR/NE:ERAVENHAMILTON

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AMEMBASSY CANBERRA PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY REYKJAVIK PRIORITY

INFO AMEMBASSY TOKYO

AMEMBASSY CAIRO

AMEMBASSY ALGIERS

AMEMBASSY TUNIS

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SUBJECT: LIBYAN CHEMICAL WEAPONS PROGRAM

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2. REFTEL ADDRESSED IN GENERAL TERMS U.S. CONCERN ABOUT CHEMICAL WEAPONS PROLIFERATION, AND PARTICULARLY ABOUT EVIDENCE THAT LIBYA NOW HAS A CW PRODUCTION FACILITY. WE BELIEVE LIBYA WILL BE DEPENDENT FOR SOME TIME ON FOREIGN INDUSTRIAL SOURCES FOR PRECURSOR CHEMICAL AND OTHER MATERIALS, AS WELL AS FOR MAINTENANCE AND OTHER TECHNICAL SUPPORT TO PRODUCE CHEMICAL MUNITIONS. THE USG IS THEREFORE ENGAGED IN A BROAD PROGRAM TO FORESTALL ADDITIONAL FOREIGN SUPPORT FOR THE LIBYAN CW PROGRAM.

3. FOR ACTION ADDRESSEES, EXCEPT RPT EXCEPT BERN, COPENHAGEN, ROME, PARIS, LONDON AND BONN: AMBASSADORS ARE REQUESTED TO APPROACH HOST GOVERNMENTS AT MINISTERIAL OR OTHER APPROPRIATE SENIOR LEVEL TO SHARE ADDITIONAL INFORMATION ABOUT THE LIBYAN CW PROGRAM AND TO ENCOURAGE OTHERS TO JOIN IN EFFORTS TO DENY FURTHER FOREIGN ASSISTANCE FOR THIS PROGRAM. TALKING POINTS IN

PARA 6 ARE PROVIDED FOR YOUR USE.

4. FOR BERN, PARIS, AND ROME, AND COPENHAGEN: OUR INFORMATION INDICATES THAT LIBYA'S CW EFFORT MAY RECEIVE ASSISTANCE FROM SOURCES IN HOST COUNTRIES. COUNTRY-SPECIFIC TALKING POINTS TO BE USED IN CONJUNCTION WITH POINTS IN PARA 5 ARE BEING SENT SEPTEL.

5. FOR BONN: OUR CONCERN ABOUT LIBYAN CW AND REPORTS OF ASSISTANCE FROM FRG FIRMS WAS RAISED IN SOME DETAIL

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DURING CHANCELLOR KOHL'S RECENT VISIT. EMBASSY MAY WISH TO SHARE PARA 6 INFORMATION WITH APPROPRIATE FRG INTERLOCUTORS AND INFORM THE FRG OF OUR DEMARCHES IN OTHER CAPITALS.

6. BEGIN TALKING POINTS:

-- THE US IS GREATLY CONCERNED ABOUT THE PROLIFERATION OF CHEMICAL WEAPONS. OUR CONCERN HAS BEEN HEIGHTENED BY THE USE OF THESE WEAPONS DURING THE IRAQ-IRAN WAR, AS WELL AS BY SUBSEQUENT EVIDENCE INDICATING IRAQ USED SUCH

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MUNITIONS AGAINST THE KURDS.

- THE U.S. REMAINS FULLY COMMITTED TO THE NEGOTIATION OF A COMPREHENSIVE, EFFECTIVELY VERIFIABLE, AND TRULY GLOBAL BAN ON CHEMICAL WEAPONS.

-- HOWEVER, THE EROSION OF RESPECT FOR INTERNATIONAL NORMS AGAINST CW USE CALLS FOR URGENT ACTION. THAT IS WHY PRESIDENT REAGAN PROPOSED AN INTERNATIONAL CONFERENCE, TO BE HOSTED BY FRANCE IN JANUARY, AT WHICH WE CAN WORK TO REVITALIZE THE 1925 GENEVA PROTOCOL ON CHEMICAL WEAPONS.

--- IN THE CONTEXT OF THIS BROAD EFFORT, THE US IS DEEPLY CONCERNED THAT LIBYA IS ON THE VERGE OF BEGINNING FULL-SCALE OPERATIONS AT A MAJOR CHEMICAL WARFARE AGENT PRODUCTION FACILITY.

-- THE LIBYAN CHEMICAL WEAPONS FACILITY IS LOCATED AT A TECHNOLOGY CENTER NEAR THE VILLAGE OF RABTA, SOME 45 MILES SOUTHWEST OF TRIPOLI. THE TECHNOLOGY CENTER IS A MULTI-PURPOSE INDUSTRIAL FACILITY WHICH HAS BEEN UNDER CONSTRUCTION SINCE 1985, WITH EXTENSIVE PARTICIPATION OF FOREIGN CONTRACTORS AND SUPPLIERS.

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-- WE UNDERSTAND THE LIBYANS HAVE PORTRAYED THE TECHNOLOGY CENTER TO AT LEAST SOME FOREIGN SUPPLIERS AS INTENDED FOR CIVILIAN PURPOSES, AND IT DOES HAVE THE

POTENTIAL FOR SUCH PURPOSES. IT CAN ALSO SUPPORT MILITARY PROJECTS SUCH AS FABRICATION OF WEAPONS COMPONENTS AND BOMBS FOR CW DELIVERY.

--- OUR INFORMATION IS THAT THE TECHNOLOGY CENTER IS INTENDED TO SUPPORT MILITARY PROJECTS SUCH AS PRODUCTION/MODIFICATION OF HEAVY BATTLEFIELD EQUIPMENT (SUCH AS ARMORED VEHICLES), FABRICATION OF WEAPONS COMPONENTS, AND POSSIBLY SERIAL PRODUCTION OF MUNITIONS.

-- ADJACENT TO THE TECHNOLOGY CENTER IS A CHEMICAL PLANT KNOWN LOCALLY AS PHARMA-150. ESSENTIALLY COMPLETE, IT IS ONE OF THE LARGEST CHEMICAL FACILITIES IN THE THIRD

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WORLD, CAPABLE OF PRODUCING A MAXIMUM OF 10 TO 40 TONS OF CHEMICAL WARFARE AGENTS PER DAY.

-- LIBYA HAS ATTEMPTED TO MASK THE PLANT'S TRUE PURPOSE BY BILLING IT AS A PHARMACEUTICAL FACILITY. OUR EVIDENCE INDICATES THE PLANT IS INTENDED TO PRODUCE CHEMICAL WARFARE AGENTS. THE CHEMICALS STOCKPILED AT RABTA ARE USEFUL, AS A GROUP, ONLY FOR PRODUCTION OF CW AGENTS SUCH AS MUSTARD (A BLISTERING AGENT) AND SARIN (A NERVE AGENT). WE BELIEVE CHEMICAL PRECURSORS ARE ON HAND IN SUFFICIENT AMOUNTS TO PRODUCE A SIGNIFICANT QUANTITY OF SUCH AGENTS.

-- THE CW FACILITY INVOLVES ONLY ONE PRODUCTION BUILDING, IMPLYING THE PLANT IS DESIGNED TO PRODUCE ONE KIND OF PRODUCT. THIS CONFIGURATION IS NOT TYPICAL IN

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THE PHARMACEUTICAL INDUSTRY, WHICH INVOLVES PRODUCING SMALL BATCHES OF A NUMBER OF SEPARATE PRODUCTS. THIS TYPE OF PRODUCTION COULD BE NOT ACCOMPLISHED AT THE RABTA PLANT, WITHOUT EXTENSIVE REPLUMBING AND CLEANING BETWEEN PRODUCTION RUNS.

-- THE LOCATION AND SECURITY OF THE TECHNOLOGY CENTER ARE ALSO NOT CONSISTENT WITH LIBYAN CLAIMS IT IS A NON-MILITARY FACILITY. THE CENTER IS LOCATED IN AN ISOLATED REGION, DISTANT FROM NORMAL SUPPLIES OF WORKERS, WATER, POWER, ETC. THE CENTER IS SURROUNDED BY A DOUBLE WALL, PROTECTED BY ARMED GUARDS, SURFACE-TO-AIR MISSILE SITES, AND ANTI-AIRCRAFT ARTILLERY. THE CHEMICAL PLANT HAS SEPARATE RESTRICTED ACCESS FROM THE REST OF THE TECHNOLOGY CENTER.

-- THE INDIVIDUAL IN CHARGE OF THE PLANT IS A BIOCHEMIST SUBORDINATE TO THE TAJURA NUCLEAR RESEARCH CENTER. WE HAVE REPORTS FROM A VARIETY OF SOURCES THAT THE PLANT IS DESIGNED AND INTENDED TO PRODUCE CHEMICAL WARFARE AGENTS.

-- IN AN OCTOBER 26 SPEECH, QADHAFI SAID THE PLANT IS INTENDED TO PRODUCE PHARMACEUTICALS AND INDICATED FOREIGN AMBASSADORS WOULD BE INVITED TO INSPECT THE PLANT. THE CHARACTERISTICS OF THE PLANT AND ITS SURROUNDINGS INDICATE IT IS NOT INTENDED FOR ANY SUCH INNOCENT

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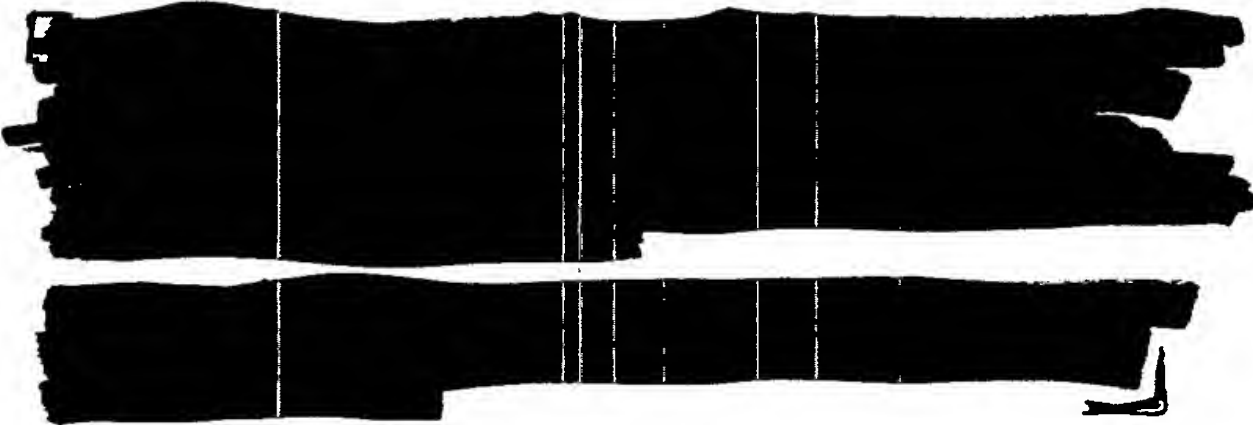
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PAGE 07

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THE ABOVE PRESENTATION, THE US IS PREPARED TO SEND A
SMALL BRIEFING TEAM TO PROVIDE HOST GOVERNMENTS MORE
DETAILS ON THE RABTA COMPLEX AND, HOPEFULLY, TO ENGAGE IN
AN EXCHANGE OF INFORMATION AT THE TECHNICAL LEVEL.



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E.O. 12356: DECL: ~~GAOR~~
TAGS: ETTC, KFPC, GE
SUBJECT: U.S. EXPANSION OF FOREIGN POLICY CONTROL ON
EXPORT OF CERTAIN CHEMICALS TO IRAQ AND IRAN

REF: ✓ STATE 253218

ON AUGUST 27 WE DELIVERED REFTEL BACKGROUND PAPER AND
TALKING POINTS TO THE APPROPRIATE OFFICIAL IN THE FOREIGN
AND ECONOMICS MINISTRY. EMBOFF EXPRESSED U.S.
APPRECIATION FOR THE FRG ACTIONS TAKEN TO DATE REGARDING
CHEMICAL EXPORT CONTROLS, SOLICITED THEIR REACTIONS
TO THE NEW U.S. MEASURES AND ASKED WHETHER THE FRG HAD
SIMILAR OR ADDITIONAL CONTROLS UNDER CONSIDERATION.
OUR ECONOMICS MINISTRY CONTACT CONFIRMED THAT THE FRG
PLANNED NO ADDITIONAL CONTROLS ON CHEMICAL EXPORTS TO

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IRAN AND IRAQ. BOTH OFFICIALS EXPRESSED APPRECIATION

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FOR OUR PAPER AND PROMISED TO RECONTACT EMBOFF IF THEY
HAD SPECIFIC REACTIONS TO THE NEW U.S. MEASURES AFTER
REVIEWING OUR PAPER. AS OF SEPTEMBER 5 THEY HAVE
NOT RECONTACTED US AND THEREFORE WE EXPECT NO FURTHER
FRG. REACTIONS.
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SUBJECT: U.S. EXPANSION OF FOREIGN POLICY CONTROL ON
EXPORT OF CERTAIN CHEMICALS TO IRAQ AND IRAN

REF: STATE 92535

1. THIS IS AN ACTION CABLE.

2. ANNOUNCEMENT OF THE U.S. FOREIGN POLICY CONTROL ESTABLISHED EARLIER THIS YEAR ON CHEMICAL WARFARE INGREDIENT SALES TO IRAQ AND IRAN IS CONTAINED IN REFTEL. THE U.S. NOW INTENDS TO BROADEN THE CONTROL, BASED ON SUGGESTIONS FROM SOME ALLIES AND CHEMICAL WARFARE EXPERTS AND ON INFORMATION ON WHAT FUTURE TRANSACTIONS ARE MOST LIKELY TO OCCUR.

3. THE EXISTING CONTROL IS ACHIEVING ITS PURPOSES, AND HAS BEEN ADOPTED IN VARIOUS FORMS BY A NUMBER OF OTHER COUNTRIES. EMBASSIES SHOULD: NOTIFY APPROPRIATE GOVERNMENT OFFICIALS OF THE USG INTENT TO EXPAND THE CONTROL; DISCUSS HOST GOVERNMENT ACTIONS TO DISCOURAGE CHEMICAL WARFARE IN IRAQ AND IRAN; AND, WHERE APPROPRIATE, EXPRESS U.S. SATISFACTION WITH HOST GOVERNMENT ACTIONS TO DATE.

4. THE EXPANDED CONTROL WILL ADD THE FOLLOWING TO THE LIST OF CONTROLLED CHEMICALS:

-- 1. DIMETHYLAMINE (USABLE IN PRODUCTION OF NERVE AGENTS "TABUN" AND "SAVIN")

-- 2. DIMETHYLAMINE HYDROCHLORIDE (USABLE IN PRODUCTION OF "TABUN" AND "SAVIN")

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-- 3. CHLOROETHANOL (USABLE IN PRODUCTION OF MUSTARD AGENTS)

THE U.S. BELIEVES THAT IT WOULD BE APPROPRIATE FOR ALL GOVERNMENTS TO CONTROL THESE ADDITIONAL ITEMS OF PARTICULAR CONCERN.

5. AS IN THE ORIGINAL CONTROL, THE CONTROLS WILL BE LIMITED IN EXTRATERRITORIAL EFFECT. THE CONTROL WILL NOT

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APPLY TO MATERIALS ALREADY ABROAD OR TO REEXPORTS (ALTHOUGH EVASION OF OUR CONTROLS THROUGH THIRD COUNTRY DIVERSIONS TO IRAQ AND IRAN IS PUNISHABLE UNDER U.S. LAW). MOREOVER, AS THERE IS NO KNOWN PRE-EXISTING EXPORT CONTRACT IN EFFECT FOR IRAQ OR IRAN FOR THESE CHEMICALS, THE EXPANDED U.S. CONTROL WILL NOT NEED TO BE RETROACTIVE.

6. BEYOND DESCRIBING THE ORIGINAL AND EXPANDED CONTROLS, EMBASSIES MAY WISH TO MAKE THE FOLLOWING POINTS:

-- THE EUROPEAN COMMUNITY HAS ENDORSED CHEMICAL WARFARE CONTROLS, AND SOME OF ITS MEMBERS NOW HAVE THEM IN EFFECT. OTHER COUNTRIES, TOO, HAVE INSTITUTED CONTROLS ON CHEMICALS WHICH POSSIBLY COULD BE USED IN CHEMICAL WARFARE BETWEEN IRAQ AND IRAN.

-- INVESTIGATION IN RECENT MONTHS HAS SHOWN THAT, IN THE CASE OF THE U.S. CONTROL, THESE FEW NEW ADDITIONS ARE NECESSARY TO ACHIEVE THE PURPOSE OF THE CONTROL.

-- THE EFFECTIVENESS, BOTH ECONOMIC AND POLITICAL, OF THE CONTROLS IS SIGNIFICANTLY STRENGTHENED BY THE GROWING LIST OF COUNTRIES CONTROLLING SIMILAR LISTS OF CHEMICALS.

-- WE ASK YOUR GOVERNMENT TO CONSIDER THE CARE WITH WHICH THE U.S. HAS FOCUSED THIS CONTROL. THERE ARE HUNDREDS
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OF LESS KEY CHEMICALS (AND PIECES OF EQUIPMENT) WHICH COULD HAVE BEEN CONTROLLED IF THE NET WERE TOO BROADLY THROWN. THESE ARE THE KEY CHEMICALS FOR CHEMICAL WARFARE AGENT PRODUCTION AND ATTEMPTS ARE BEING MADE TO PROCURE THEM FOR THAT PURPOSE.

-- THE ORIGINAL AND EXPANDED CONTROLS HAVE ESSENTIALLY NO EXTRATERRITORIAL EFFECT. WE ARE DEPENDENT ON EFFORTS OF OTHER GOVERNMENTS TO MAKE SUCH CONTROLS EFFECTIVE.

-- WE ASK YOUR GOVERNMENT TO CONSIDER (FURTHER) ACTIONS TO HARMONIZE CONTROL OVER THESE ITEMS, THROUGH PARALLEL NATIONAL ACTIONS.

7. FOR EMBASSY LONDON ONLY: PLEASE USE AGREED EXPORT

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CONTROL CONSULTATION CHANNELS, STRESSING THE CONTINUED LACK OF EXTRATERRITORIALITY IN THIS CONTROL. EMBASSY ALSO SHOULD THANK HMG FOR ITS WORK ON PARALLEL CONTROLS, AND FOR INFORMATION WHICH HELPFULLY CONTRIBUTED TO CONTROL EXPANSION. U.K. EMBASSY HERE IS BEING INFORMED OF THE ADDITION OF THE THREE CHEMICALS.

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E.O. 12356: N/A

TAGS: PREL, GE, IZ

SUBJECT: CONTINGENCY PRESS GUIDANCE: NEWS STORIES OF
FRG PROBE OF IRAQI CW DEALINGS

1. REPRINTED IN PARAS THREE AND FOUR FYI ARE JULY 30

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STORIES FROM NEW YORK TIMES AND CHRISTIAN SCIENCE

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MONITOR ON GERMAN INVESTIGATION, BASED ON JULY 29 AP DISPATCH DATED BONN. PARA TWO CONTAINS TEXT OF CONTINGENCY PRESS GUIDANCE WHICH WAS PREPARED ON JULY 30 FOR DEPARTMENT'S NOON PRESS BRIEFING. THERE WERE NO QUESTIONS, AND GUIDANCE WAS NOT USED. POSTS MAY DRAW ON IT ON IF-ASKED BASIS.

2. BEGIN TEXT OF GUIDANCE:

Q: DO YOU HAVE ANY COMMENT ON REPORTS THAT, AT THE REQUEST OF THE UNITED STATES, CHANCELLOR KOHL HAS ORDERED AN INVESTIGATION INTO REPORTS THAT IRAQ IS BUYING EQUIPMENT FROM WEST GERMANY CAPABLE OF PRODUCING CHEMICAL WARFARE AGENTS?

A: WE HAVE DISCUSSED WITH GERMAN AUTHORITIES REPORTS THAT EQUIPMENT CAPABLE OF PRODUCING CHEMICAL WARFARE AGENTS MAY HAVE BEEN SHIPPED TO IRAQ BY A GERMAN FIRM.

BOTH WE AND THE FRG TAKE THIS MATTER VERY SERIOUSLY.

I UNDERSTAND THE GERMAN GOVERNMENT IS INVESTIGATING THE MATTER ON AN URGENT BASIS. I WOULD REFER YOU TO GERMAN OFFICIALS FOR COMMENT ON THEIR INVESTIGATION.

AS YOU KNOW, WE STRONGLY CONDEMN THE ILLEGAL USE OF CHEMICAL WEAPONS BY ANY NATION IN VIOLATION OF INTERNATIONAL LAW. OVER THE PAST SEVERAL YEARS WE HAVE BEEN CALLING THE URGENT ATTENTION OF THE WORLD COMMUNITY TO SUCH USE BY THE SOVIETS AND THEIR SURROGATES IN ASIA. IN ADDITION, IN MARCH OF THIS YEAR, WE CONDEMNED THE USE OF CHEMICAL WEAPONS BY IRAQ

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IN ITS WAR WITH IRAN.

AS YOU ALSO KNOW, WE SEEK A TOTAL, WORLD-WIDE BAN ON THESE WEAPONS. WE ARE PURSUING THIS GOAL IN NEGOTIATIONS IN THE FORTY-NATION CONFERENCE ON DISARMAMENT IN GENEVA. IN APRIL OF THIS YEAR, VICE PRESIDENT BUSH PRESENTED IN GENEVA A U.S. DRAFT TREATY BANNING THE POSSESSION, PRODUCTION, ACQUISITION, RETENTION, TRANSFER AND USE OF CHEMICAL WEAPONS. THIS IS A HIGH PRIORITY ON THE PRESIDENT'S ARMS CONTROL

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AGENDA.

END TEXT.

3. BEGIN TEXT OF NEW YORK TIMES ITEM:

BONN SAYS IT'S CHECKING SALE OF NERVE GAS FACILITY TO IRAQ

BONN, JULY 29 (AP) - AT WASHINGTON'S REQUEST, CHANCELLOR HELMUT KOHL HAS ORDERED A FULL INVESTIGATION INTO REPORTS THAT IRAQ IS BUYING EQUIPMENT FROM WEST GERMANY CAPABLE OF PRODUCING NERVE GAS AND OTHER CHEMICAL WEAPONS, THE GOVERNMENT SAID TODAY.

A SPOKESMAN, ALEXANDER ALLARDT, SAID THE ISSUE WAS BEING LOOKED INTO. "AT THE REQUEST OF THE UNITED STATES."

THE ANNOUNCEMENT COINCIDED WITH A REPORT IN THE WEEKLY DER SPIEGEL THAT FRANKFURT COMPANIES HAD SOLD IRAQ LABORATORY EQUIPMENT CAPABLE OF PRODUCING NERVE GAS.

THE MAGAZINE SAID AMERICAN SPECIALISTS BELIEVED THE PLANT COULD BE MODIFIED TO PRODUCE NERVE GAS.

THE SPIEGEL REPORT SAID THAT KARL KOLB SCIENTIFIC

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TECHNICAL SUPPLIES AND ITS SUBSIDIARY, PILOT PLANT ENGINEERING AND EQUIPMENT, DELIVERED THE EQUIPMENT TO IRAQ IN 1981.

END TEXT.

4. BEGIN TEXT OF CSM ITEM:

BONN TO PROBE IRAQI DEALINGS LINKED TO POISON-GAS ISSUE

BONN (AP) - AT WASHINGTON'S BEHEST, CHANCELLOR HELMUT KOHL HAS ORDERED A FULL INVESTIGATION INTO REPORTS THAT IRAQ IS BUYING EQUIPMENT FROM WEST GERMANY CAPABLE OF PRODUCING CHEMICAL WEAPONS. A GOVERNMENT SPOKESMAN SAID YESTERDAY.

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AMEMBASSY PARIS

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AF FOR DAS ROSENBERG; NSC FOR KANSTEINER
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E.O. 12356: DECL: OADR
TAGS: ECON, PGOV, EFIN, SF
SUBJECT: PCC CONSIDERATION OF THE GRAMM AMENDMENT AND
SOUTH AFRICAN ACCESS TO THE IMF.

REF: (A) PRETORIA 18779, (B) STATE 389326,
(C) PRETORIA 18123, (D) PRETORIA 18122

1. C - ENTIRE TEXT.

2. SUMMARY: THERE IS INCREASING SAG PRESSURE FOR US TO
ACT ON THE GRAMM AMENDMENT, INCLUDING A LETTER DECEMBER
FROM PRESIDENT DE KLERK TO PRESIDENT BUSH. THIS PRESSURE
IS BASED LESS ON ECONOMIC GROUNDS -- WHICH ARE WEAK --
THAN ON A DESIRE TO DEMONSTRATE GROWING INTERNATIONAL
ACCEPTANCE TO ITS CONSTITUENCY, TO BREAK DOWN FOREIGN
FINANCIAL SANCTIONS, AND TO ACHIEVE PEACE OF MIND FROM
POTENTIAL ACCESS TO MORE THAN \$7 BILLION IN EXCHANGE
SUPPORT. WE SEE AN IMPERATIVE IN GETTING THE SOUTH
AFRICAN ECONOMY GROWING AS RAPIDLY AS POSSIBLE TO HELP
ADDRESS FESTERING SOCIO-ECONOMIC PROBLEMS (REF A), BUT
EVEN SAG FINANCIAL OFFICIALS ACKNOWLEDGE THAT THEIR
EARLIEST RECOURSE TO IMF FACILITIES WOULD NOT COME UNTIL
AT LEAST '93, IF EVEN THEN. A BOOMING CURRENT ACCOUNT
SURPLUS, DECLINING DEBT REPAYMENTS, AND NEW ACCESS TO
FOREIGN CAPITAL MARKETS MAKE IMMEDIATE ACCESS TO IMF
RESOURCES LESS THAN IMPERATIVE. THESE FACTORS SUGGEST
THAT MOVEMENT ON THIS SANCTION CAN BE USED FLEXIBLY TO
EQUATE THE NEGOTIATIONS PROCESS, AND TO ENCOURAGE ALL
PARTIES TO ADDRESS ECONOMIC ISSUES NOW, RATHER THAN AFTER
A FULL TRANSITION. PUTTING ANY MOVE ON IMF IN THE CONTEXT
OF CONTINUED PROGRESS HERE WOULD ALSO HELP DEFUSE POLITICAL
OPPOSITION TO SUCH A MOVE. END SUMMARY

STRONG SAG BID FOR ACCESS TO IMF FUNDS

3. THE SOUTH AFRICAN GOVERNMENT HAS MADE U.S. SUPPORT FOR
AN EVENTUAL REQUEST FOR IMF FUNDING A HIGH PRIORITY IN OUR
BILATERAL RELATIONSHIP. IN THE PAST WEEKS, STATE PRESIDENT
DE KLERK HAS WRITTEN TO PRESIDENT BUSH ON THIS MATTER; DE

KLERK AND FINANCE MINISTER DU PLESSIS MADE STRONG PITCHES
TO ASSISTANT SECRETARY COHEN DURING HIS VISIT TO SOUTH
AFRICA; AND DFA DIRECTOR GENERAL VAN HEERDEN AND AMBASSADOR
SCHWARZ MADE EQUALLY STRONG PITCHES IN WASHINGTON,
INCLUDING TO NATIONAL SECURITY ADVISOR SCOWCROFT. THIS
PRESSURE IS CONSISTENT WITH THE LONG-HELD BELIEF WITHIN
THE SAG THAT RELIEF FROM THE GRAMM AMENDMENT AND STATE/
LOCAL SANCTIONS WOULD HAVE A MORE IMPORTANT IMPACT ON THE
ECONOMY THAN THE EASING OF CAAA SANCTIONS.

4. IN THESE CONTACTS, THE ARGUMENT HAS BEEN COINED IN
ECONOMIC TERMS; THAT IS, THE SAG WANTS TO STIMULATE THE
ECONOMY TO ADDRESS EXPLOSIVE SOCIO-ECONOMIC PROBLEMS SUCH
AS HOUSING, EDUCATION, AND HEALTH CARE, BUT IS CONCERNED
THAT THE RESULTING GROWTH WOULD LEAD TO A FLOOD OF IMPORTS.
WITHOUT ASSURED ACCESS TO IMF RESOURCES, THE ARGUMENT GOES,
THIS WOULD PUT THE SAG INTO A POTENTIAL BALANCE OF PAYMENTS
PROBLEM WITHOUT RECOURSE. THE URGENCY OF THE REQUEST IS
RELATED TO THE UPSWING IN THE BUSINESS CYCLE ANTICIPATED
FOR EARLY 1992: EXPANSIONARY FISCAL AND MONETARY POLICY
MUST BE ADOPTED BY MARCH OR APRIL IF THE FULL ECONOMIC
IMPACT IS TO BE ACHIEVED.

LESS TO ECONOMIC ARGUMENT THAN MEETS THE EYE

5. IT IS PROBABLY TRUE, AS THE SAG ARGUES, THAT THE
COMBINATION OF FOREIGN DEBT REPAYMENT, LACK OF ACCESS TO
FOREIGN CAPITAL MARKETS, AND BAN ON IMF DRAWINGS HAS HURT
THE ECONOMY DEARLY SINCE 1985, INCLUDING THE LOSS OF UP TO
TWO MILLION JOB OPPORTUNITIES. BUT TODAY, THE ECONOMIC
RATIONALE FOR IMF ASSISTANCE IS LESS COMPELLING THAN IT
APPEARS. SOUTH AFRICA HAS RECORDED CONSISTENT CURRENT
ACCOUNT SURPLUSES FOR EACH OF THE PAST SEVEN YEARS; EVEN
THE IMPRESSIVE GDP GROWTH FROM LATE 1987 THROUGH THE END
OF 1988 -- 4.6 PERCENT IN REAL TERMS -- STILL LEFT CURRENT
ACCOUNT SURPLUSES OF ABOUT R3 BILLION IN 1988 AND 1989.
FINANCE MINISTER DU PLESSIS HIMSELF NOTES THAT A DECISION
BY THE SAG IN EARLY 1992 TO "GO FOR GROWTH" WOULD NOT HAVE

AN IMPACT ON THE NATION'S CURRENT ACCOUNT UNTIL AT LEAST
1993 (REF C). THE TOTAL LAG BETWEEN SAG EXPANSIONARY
POLICIES, ITS IMPACT ON ECONOMIC GROWTH, AND ITS IMPACT ON
THE CURRENT ACCOUNT BALANCE HAS BEEN BETWEEN 12 AND 18
MONTHS DURING THE 1980'S. THE 1984-85 AND 1988-90
RECESSIONS DID NOT SHOW UP IN DECLINING IMPORTS UNDER 18
MONTHS LATER; THE STRONG EXPANSION STARTING AT THE END OF
1987 DID NOT REFLECT ITSELF IN A FALLING BALANCE OF
PAYMENTS SURPLUS UNTIL LATE 1988. SOME FISCAL SPENDING --
FOR EXAMPLE, IMPORTING LARGE QUANTITIES OF CAPITAL GOODS
-- COULD IMPACT IMMEDIATELY ON THE CURRENT ACCOUNT, BUT
MUCH OF THE NEW SPENDING WILL LIKELY ADDRESS BLACK SOCIO-
ECONOMIC DEVELOPMENT SUCH AS CONSTRUCTION OF HOUSES,
HEALTH CARE FACILITIES, AND SCHOOLS. THIS SECTORS HAVE
LOW IMPORT INTENSITY. TRANSFER PAYMENTS TO BLACKS (E.G.,
BY EQUALIZING PENSIONS) WOULD ALSO HAVE A LESSER IMPACT ON

IMPORTS, GIVEN THE LOWER IMPORT PROPENSITY FROM BLACK
INCOMES; THE SECOND-ROUND EFFECTS ON IMPORTS FROM RISING
INCOMES WILL BE GREATLY DELAYED.

6. FURTHER, AS RESERVE BANK CHAIRMAN STALS RECENTLY NOTED
(REF D), SOUTH AFRICA NOW ENJOYS GOOD RELATIONS WITH
FOREIGN CREDITORS, AND IS AN ATTRACTIVE CREDIT RISK GIVEN
ITS LOW DEBT SERVICE RATIO, GOOD REPAYMENT RECORD, AND HIGH
PREMIUMS (100% PLUS AT LEAST 2 PERCENT). FOR 1991 AS A
WHOLE, SOUTH AFRICA ANTICIPATES AN R18 BILLION TRADE
SURPLUS AND A R7.5 BILLION CURRENT ACCOUNT SURPLUS. WHILE
FOREIGN RESERVES ARE STILL RELATIVELY LOW (TWO MONTHS

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WORTH OF IMPORTS), SOUTH AFRICA IS LARGELY OVER THE HUMP FOR ITS DEBT REPAYMENT. IN 1991, REPAYMENT WILL BE ABOUT \$1.1 BILLION, WHICH IS ABOUT THE LEVEL OF SOUTH AFRICA'S TRADE SURPLUS IN OCTOBER ALONE. WHILE ACCESS TO LONG-TERM FOREIGN LOANS IS STILL LIMITED, ACCESS TO SHORT-TERM CAPITAL HAS BEEN SO GOOD THAT THE SAG HAS STRUCTURED FUTURES MARKET RATES TO DISCOURAGE NEW SHORT-TERM INFLOWS.

POLITICAL IMPERATIVE AND SYMBOLIC IMPORTANCE OF IMF ACCESS

7. THESE ARGUMENTS DO NOT DENY THE SYMBOLIC AND PSYCHOLOGICAL IMPORTANCE OF ACCESS TO IMF FACILITIES. SOUTH AFRICA'S IMF QUOTA UNDER THE NINTH GENERAL REVIEW WILL BE SDR 1.37 BILLION, OR ABOUT \$1.9 BILLION. ACCESS TO THESE RESOURCES, PLUS THE POSSIBILITY OF A THREE-YEAR EXTENDED FUND FACILITY, WOULD MEAN ABOUT \$7.5 BILLION IN POTENTIAL RESOURCES TO DRAW ON IN THE EVENT OF A BALANCE OF

PAYMENTS CRUNCH DURING A TOUGH TRANSITION PROCESS. THIS FIGURE COULD POTENTIALLY BE SUPPLEMENTED BY ANOTHER \$3.1 BILLION IN ACCESS IF IMF SPECIAL FACILITIES WERE TO BECOME AVAILABLE, INCLUDING THE COMPENSATORY AND CONTINGENCY FINANCING FACILITY. THE IMAGE OF UP TO \$30 BILLION BEING AVAILABLE TO UNDERPIN THE TRANSITION WOULD HELP REASSURE SOUTH AFRICANS OF THE STRENGTH OF FOREIGN COMMITMENT TO THE PROCESS, AND OF THE PROSPECTS OF FUTURE ECONOMIC GROWTH. THIS WOULD HELP ALLAY FEARS ACROSS THE SPECTRUM HERE THAT WESTERN DEMOCRACIES -- SO ACTIVE IN THE FIGHT AGAINST APARTHEID -- WILL ABANDON SOUTH AFRICA TO ITS FATE IN A POST-APARTHEID PERIOD, AND THAT THE ECONOMY WILL BECOME A ZERO-SUM GAME WHERE PARTIES VIE OVER DISTRIBUTION OF EXISTING WEALTH RATHER THAN FUTURE INCOME FLOWS.

8. FROM THE SAG STANDPOINT, ACCESS TO IMF AT THIS TIME WOULD ALLOW THEM TO POINT OUT TO THEIR CONSTITUENCY ANOTHER TANGIBLE BENEFIT FROM THE TRANSITION PROCESS NOW UNDERWAY. IT WOULD BE TOUTED BY THE SAG ANOTHER SIGN OF GROWING INTERNATIONAL ACCEPTANCE, AND AN IMPORTANT STEP IN THE DISMANTLING OF FOREIGN FINANCIAL SANCTIONS. THE SAG IS NOT ABOVE PLAYING PORK BARREL POLITICS: TO THE EXTENT THAT ENHANCED SOCIAL SPENDING OCCURRED AS A RESULT OF THE ASSURANCES PROVIDED VIS-A-VIS IMF ACCESS, THE NATIONAL PARTY WOULD PREFER THAT THIS OCCUR ON THEIR WATCH, RATHER THAN AFTER TRANSITIONAL ARRANGEMENTS ARE IN PLACE.

9. THE OPPOSITION OF SOME BLACK OPPOSITION GROUPS -- ESPECIALLY THE ANC -- TO SUCH A MOVE WOULD LIKELY BE SEVERE. THE ATTEMPT OF THE GOVERNMENT-SPONSORED INDEPENDENT DEVELOPMENT TRUST (IDT) TO FLOAT A \$100

MILLION FOREIGN BOND IS INSTRUCTIVE. THE IDT HAS WORKED PAINSTAKINGLY OVER THE PAST YEAR TO BREAK DOWN ITS IMAGE

AS AN APARTHEID INSTITUTION AND TO BUILD UP ITS CREDIBILITY WITH BLACK SOUTH AFRICANS, INCLUDING POLITICAL GROUPINGS LIKE THAT ANC AND INKATHA. BASED ON INFORMAL CONSULTATIONS WITH THESE GROUPS, THE IDT THOUGHT IT HAD TO GREEN LIGHT TO PROCEED WITH FOREIGN FINANCING OF ITS NEW SCHOOL CONSTRUCTION PROGRAM. BUT THE BLACK OPPOSITION GROUPS -- ESPECIALLY THE ANC -- FELT THAT THIS LOAN WAS BEING USED INSTEAD BY THE SAG AS A MEANS OF BREAKING DOWN THE FINANCIAL SANCTIONS AND ENHANCING SAG RESOURCES TO WOO BLACK VOTERS WITH LOANS THAT A FUTURE NON-RACIAL GOVERNMENT WOULD HAVE TO PAY BACK. THEY SUCCEEDED IN RAISING SUCH AN OBJECTION TO THE LOANS IN EUROPE THAT THE IDT WAS FORCED TO WITHDRAW IT. THE IDT THEN ANNOUNCED THAT THEY HAD FOUND ALTERNATIVE RESOURCES WITHIN THE IDT TO FUND THE \$300 MILLION PROJECT, SEEMINGLY CONFIRMING THE OPPOSITION VIEW.

FLEXIBLE USE OF GRAMM AMENDMENT RELIEF

10. WASHINGTON AGENCIES ARE IN A BETTER POSITION TO ASSESS WHETHER U.S. POLITICAL REALITIES STILL DICTATE THAT ACTION ON IMF REPLENISHMENT OCCUR BEFORE ANY MOVEMENT ON IMF ACCESS FOR SOUTH AFRICA. WHETHER THIS IS THE CASE OR NOT, WE BELIEVE THAT THE ADMINISTRATION CAN USE MOVEMENT ON THE IMF SANCTION FLEXIBLY TO ENCOURAGE CONTINUED MOVEMENT ON THE GROUND. ANY MOVE ON IMF ACCESS FOR SOUTH AFRICA -- FOR EXAMPLE, A LETTER INDICATING OUR WILLINGNESS TO

SUPPORT A REQUEST FOR ACCESS TO IMF FACILITIES SHOULD A BALANCE OF PAYMENTS PROBLEM EMERGE BECAUSE OF ENHANCED SPENDING TO BENEFIT THE MAJORITY OF SOUTH AFRICANS -- SHOULD OCCUR WITHIN THE CONTEXT OF CONTINUED PROGRESS HERE. WE COULD TIME A PUBLIC EXPRESSION OF OUR WILLINGNESS TO GRANT IMF ACCESS TO SOUTH AFRICA TO SOME SIGNIFICANT ACHIEVEMENT IN THE NEGOTIATIONS PROCESS, SUCH AS ESTABLISHMENT OF AN INTERIM GOVERNMENT, CONVENING OF A BROAD-LEVEL ECONOMIC FORUM WITH SOME POLICY CONTROL, OR ADOPTION OF PRINCIPLES TO GUIDE ECONOMIC POLICIES DURING THE TRANSITION. SUCH AN ANNOUNCEMENT, ALTERNATIVELY, COULD BE USED TO REFLECT GENERAL SATISFACTION AND OPTIMISM OVER THE ON-GOING PROGRESS IN NEGOTIATIONS, AND TO ENCOURAGE ALL PARTIES TO KEEP THE PACE MOVING. IN EITHER CASE, PLACING ANY MOVEMENT WITHIN THE CONTEXT OF POSITIVE EVENTS ON THE GROUND WILL HELP DEFUSE POLITICAL OPPOSITION TO THE MOVE HERE AND IN THE UNITED STATES.

11. THE PROCESS OF RESTORING IMF ACCESS TO SOUTH AFRICA COULD PRESUMABLY BE SHORT-CIRCUITED BY A REQUEST FROM THE LEADERS OF REPRESENTATIVE GROUPINGS IN SOUTH AFRICA FOR MOVEMENT IN THIS AREA. WE DO NOT ANTICIPATE THIS IN THE SHORT-RUN, BUT WE DO NOT RULE OUT THAT SUCH A CALL WOULD BE FORTHCOMING SOMEWHERE DOWN THE ROAD WITHIN THE CONTEXT OF THE CONFERENCE FOR A DEMOCRATIC SOUTH AFRICA (CODESA). PRESUMABLY, A REQUEST FROM PRESIDENT DE KLERK, NELSON MANDELA, CHIEF BUTHELEZI, AND LEADERS OF THE OTHER CODESA PARTICIPANTS WOULD EVEN BE ENOUGH TO DEFUSE ANY U.S. CONGRESSIONAL REACTION, PROBABLY INCLUDING THE CURRENT LINK BETWEEN IMF REPLENISHMENT AND IMF FOR SOUTH AFRICA.

COMMENT

12. THE GRAMM AMENDMENT DICTATES USG POLICY ONLY IF SOUTH AFRICA RUNS INTO BALANCE OF PAYMENTS PROBLEMS AND REQUESTS IMF ACCESS, WHICH HAS NOT OCCURRED. SAG PRESSURE TO EASE THE CONDITIONS OF THE GRAMM AMENDMENT COULD THEREFORE BE SEEN AS A BID TO "MOVE THE GOALPOSTS" -- BUT THIS TIME IN ITS OWN DIRECTION. THE SAG CLAIM THAT IT HAS MET THE FIRST THREE CONDITIONS OF THE GRAMM AMENDMENT IS AMBIGUOUS. A CASE COULD BE MADE THAT THE RECENT REPEAL OF APARTHEID LAWS AND THE RECENT SHIFTS IN SAG SPENDING TOWARDS BLACK SOCIO-ECONOMIC NEEDS HAVE HELPED TO ELIMINATE CONSTRAINTS ON LABOR AND CAPITAL MOBILITY, AND ACCESS TO EDUCATION, BUT IT IS ALSO TRUE THAT THE SAG STILL HAS WIDE RACIALLY-BASED INEQUALITIES IN SPENDING PATTERNS (E.G., SPENDING ON EACH WHITE STUDENT IS STILL FIVE TIMES THAT ON EACH BLACK STUDENT) AND SOME APARTHEID-BASED LAWS ARE STILL ON THE BOOKS. PRESUMABLY, THESE FACTORS ARE THE REASONS WHY THE SAG HAS NOT REQUESTED THAT THE USG DECLARE THAT THE GRAMM AMENDMENT DOES NOT APPLY TO SOUTH AFRICA BECAUSE THE COUNTRY NO LONGER PRACTICES APARTHEID. SVING

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A. I said to him, well, as a matter of fact, under our definition, there are not. Mr. Mandela pointed out to me that under different definitions of the law of the prisoner, what

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... constitute a prisoner, there may be people who are prisoners. ... Gates the way the Congress defined "prisoner" — and I'm going to refer these technical questions to Secretary Cohen who has done a fantastic job on all of this — we are complying fully.

But in terms of how I respond to critics on this, I say, look, one, we're complying with the law you people wrote; and secondly, I happen to think it's the right thing to do. I believe that this will result in more progress toward racial equity instead of less, and certainly, in more economic opportunity rather than less. So the time has come to do it.

Supreme Court Quotas

Q. Mr. President, Senator Mitchell said a couple of days ago that he thought that you believed in quotas for everyone but yourself, and everyone but Supreme Court nominations. He was referring to your nomination of Judge Thomas for the Supreme Court. And his remark seems to reflect some widespread disbelief that Judge Thomas's race had nothing to do with his choice. And I wondered if you might take another crack at this.

A. I was trying to think if Senator Mitchell, where he was when Lyndon Johnson put Marshall on the court. I can't remember whether he accused Lyndon Johnson of a quota. I don't think he was in Congress then, but it'd be interesting to go back and look at it in history. I don't think he said it was a quota. In my view, this isn't a quota appointment.

Iran-Contra Testimony

Q. On another appointment, Mr. Gates of the C.I.A., according to testimony yesterday from Mr. Fiers, both Casey and Gates's subordinate, apparently Clair George, apparently did know about the Iran-Contra affair before Mr. Gates acknowledges that he knew.

Does this new information give you any pause at all, and do you think that it may imperil his nomination?

A. Absolutely none, absolutely none. It gives me a chance to reaffirm fully, totally, my complete support for this outstanding individual who will be confirmed and who will be a great Director of Central Intelligence. So it really hasn't — and I, I just — all I've seen about it was some reports in, I think it was today's paper, but I didn't see anything in any of the — just reading the paper, that would lessen my confidence in Gates, or in any way

implicate Gates in something that was not right.

Nonwhites and Bush

Q. Sir, whether you're right or wrong, are you concerned what blacks and other minorities may think about some of your recent decisions —

A. Yes.

Q. ... lifting sanctions on South Africa, you've chosen a Supreme Court nominee, who, although black himself, is unpopular among a lot of civil-rights organizations, and you've got a senator in your own party, John Danforth, who says this White House, Mr. Sununu in particular, is too rigid on a civil-rights compromise.

If you were a black or a member of a minority, wouldn't you think that George Bush is getting away from Lee Atwater's idea of reaching out to blacks?

A. Yes, I'll be honest with you, I would, because if I believed everything you cited I would be concerned about that. But I think that we will prevail.

Frankly, I think Clarence Thomas's appointment is a good, will be well received in the black community. You put it, I think, John, in terms of how do some of these big organizations that think they speak for all blacks feel, and yes, there've been some concerns and yes, I'd be concerned if constant criticism eroded what I feel is a commitment to civil rights here.

Willie Horton Ad

Q. Sir, just on the floor of the Senate today, Bill Bradley said it was just a short time ago, speaking of George Bush: in 1988 you used the Willie Horton ad to divide white and black voters and appeal to fear. Now, based on your remarks about the 1991 civil-rights bill, you have begun to do the same thing again. That's Bill Bradley.

A. Yes, I know, and I don't like that, I don't agree with it totally. I didn't use any Willie Horton ad of that nature either. That's become part of the liberal attempt to revise — what's that statement they use up in Congress? I'd like to revise my remarks, you know, extend and revise my remarks.

I mean, that's just grossly unfair. The point on Willie Horton was not Willie Horton himself, the point was do you believe in a furlough program that releases people from jail so they can go out and rape, pillage and plunder again. That's what the issue was.

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*** Current Handling Restrictions *** n/a

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DOC_NBR= 88CAIRO18188

FILM= D880668-0879

DATE= 02 AUG 88

TYPE= TE

FROM= CAIRO

DRAFTER= n/a

OFFICE= ACTION NEA

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SUBJECT= CAIRO PRESS REVIEW, AUGUST 2, 1988 - UNCLASSIFIED

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= REVIEW, PRESS COVERAGE, POLITICAL LEADER, PEACE PLAN, PROPOSAL,
DISPUTE, CLAIM, AIDS

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THIS REVIEW COVERS THE ESTABLISHMENT PRESS
(GOVERNMENT-INFLUENCED, AROUND ONE MILLION CIRCULATION)
AND THE OPPOSITION PRESS (NORMALLY WEEKLIES). BOTH

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CATEGORIES REFLECT THE INCREASING INDEPENDENCE OF THE EGYPTIAN PRESS. THE OPPOSITION PAPERS ARE NOT ONLY LIMITED IN CIRCULATION (10,000-60,000, EXCEPT FOR THE WIDER CIRCULATION AL-WAFD), BUT ALSO WIDELY RECOGNIZED AS IRRESPONSIBLE. NONETHELESS, THEIR STORIES FORM PART OF THE CAIRO RUMOR MILL; THEY CAN PROMPT DEFENSIVE GOVERNMENT ACTION AND INSPIRE PARALLEL STORIES IN THE ESTABLISHMENT PRESS.

HIGHLIGHTS

- BASSAM ABU SHARIF SAYS NONE OF THE PLO LEADERS HAS OBJECTED TO HIS PEACE PROPOSAL.
- THE EGYPTIAN AMBASSADOR IN MOSCOW REITERATES THAT EGYPT GRANTS NO MILITARY FACILITIES TO ANY COUNTRY.
- COLUMNIST CRITICIZES BUREAUCRACY OF THE MINISTER OF INTERNATIONAL COOPERATION.
- OPPOSITION AL-SHAAB CLAIMS AGAIN THAT THE MOSSAD IS PLOTTING TO SPREAD AIDS IN EGYPT AND THE ARAB WORLD.

ESTABLISHMENT PRESS: INTERNATIONAL NEWS

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1. JORDAN/WEST BANK ALL PAPERS HIGHLIGHT INTERNATIONAL REACTION TO JORDAN'S DECISION TO CUT LEGAL AND ADMINISTRATIVE LINKS WITH THE WEST BANK SECRETARY SHULTZ ANNOUNCED THAT THIS DECISION WOULD HAVE NO EFFECT ON THE PEACE PROCESS OR ON THE US COMMITMENT NOT TO HOLD CONTACTS WITH THE PLO UNLESS THE PLO MET US CONDITIONS. ARAFAT, REPORTEDLY, HAS CANCELLED HIS EXPECTED VISIT TO AMMAN AND WILL HOLD URGENT TALKS IN BAGHDAD ARAFAT'S ADVISOR BASSAM ABU SHARIF STATED THAT JORDAN'S DECISION EMPHASIZED THAT THERE WOULD BE NO STABILITY OR PEACE IN THE MIDDLE EAST WITHOUT THE PLO. ABU SHARIF NOTED THAT NONE OF THE PLO LEADERS HAD OBJECTED TO HIS RECENT PEACE PROPOSAL.

2. EGYPT/USSR. AKHBAR REPORTS EGYPTIAN AMBASSADOR IN MOSCOW SALAH BASYOUNI ANNOUNCED THAT EGYPT'S POLICY IS

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FIXED AND BASED ON BENEFITING FROM ANY MILITARY EXPERTISE
IN THE WORLD WITHOUT GRANTING ANY MILITARY FACILITIES OR
BASES ON ITS TERRITORIES TO ANY COUNTRY. BASYOUNI POINTED
OUT THAT EGYPT IS COMMITTED ONLY TO THE JOINT DEFENSE PACT
WITH THE ARAB COUNTRIES. IN THE SAME INTERVIEW, THE
SOVIET AMBASSADOR IN CAIRO STATED THAT BILATERAL RELATIONS
AND TIES BETWEEN THE EGYPTIAN AND SOVIET PEOPLES ARE
STRONG.

3. EGYPT/SAUDI ARABIA. AHRAM QUOTES ON THE FRONT PAGE
KING FAHD OF SAUDI ARABIA AS SAYING THAT HE WILL VISIT
EGYPT VERY SOON. KING FAHD EXPRESSED HIS LOVE FOR EGYPT
AND THE EGYPTIAN PEOPLE. HE ALSO HAILED MUBARAK'S EFFORTS
AT BOTH THE INTERNATIONAL AND DOMESTIC LEVELS, NOTING THAT
MUBARAK'S ACHIEVEMENTS ARE THE BEST EVIDENCE OF THE
PRESIDENT'S WISDOM AND FORESIGHT.

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E.O. 12356: N/A
TAGS: PREL, PGOV, PINS, ECON, EG, US, UR
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4. EGYPT/SUDAN. AHAM REPORTS HEAD OF THE SUDANESE
DEMOCRATIC UNION PARTY MOHAMMAD OSMAN WILL ARRIVE IN CAIRO
AUGUST 3 FOR A TEN-DAY VISIT.

5. EGYPT/DENMARK. AHAM REPORTS AN ECONOMIC DELEGATION
FROM DENMARK HEADED BY THE DIRECTOR OF THE INTERNATIONAL
COOPERATION DEPARTMENT AT THE DANISH FOREIGN MINISTRY WILL
ARRIVE IN CAIRO AUGUST 2 FOR A TEN-DAY VISIT DURING WHICH
IT WILL SIGN A NUMBER OF AGREEMENTS, WHEREBY EGYPT WILL BE
GRANTED DOLLARS 150 MILLION FOR PROJECTS IN THE FIELDS OF
AGRICULTURE, FOOD INDUSTRIES, HEALTH, AND CEMENT.

6. EGYPT/IRAN. AHAM REPORTS FOREIGN MINISTER ABDEL
MEGUID SAID EGYPT IS FOLLOWING UP THE PROBLEM OF THE
EGYPTIAN PRISONERS IN IRAN THROUGH THE INTERNATIONAL RED
CROSS, THE ITALIAN GOVERNMENT WHICH REPRESENTS EGYPTIAN
INTERESTS IN IRAN, AND THROUGH MEETINGS BETWEEN EGYPT'S
DELEGATE AT THE UN ABDEL HALIM BADAWY AND THE UN SECRETARY
GENERAL. ABDEL MEGUID ADDED THAT EGYPT HAD NO POWS IN
IRAN BECAUSE THEY WERE VOLUNTEERS.

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E.O. 12356: N/A

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THE FRAMEWORK OF AN INTEGRATED AGRICULTURAL PLAN TO CULTIVATE 189,000 FEDDANS BY USING GROUND WATER.

10. DENIAL BY THE POPE. ALL PAPERS REPORT THE ORTHODOX COPTIC PATRIARCHATE DENIED THAT POPE SHENOUDA HAD ISSUED A DECREE UNFROCKING ANY PRIEST OR CLERGYMAN WHO APPLIES FOR LOCAL COUNCIL CANDIDACY. THE PATRIARCHATE POINTED OUT THAT UNKNOWN PERSONS HAD SENT FORGED LETTERS IN THE NAME OF THE POPE AND CALLED UP SENIOR STATE OFFICIALS CLAIMING FALSELY THAT THE CHURCH WOULD UNFROCK PRIESTS WHO PARTICIPATE IN THE ELECTIONS.

11. TV NEWS. NEWS ITEMS ON TV AUGUST 1 WERE AS FOLLOWS: MUBARAK'S MEETING WITH PRIME MINISTER SEDKY AND HIS MEETING WITH THE VISITING BRITISH MINISTER OF EDUCATION; THE PNC MEETING IN BAGHDAD ON KING HUSSEIN'S MOVE, TOGETHER WITH A SUMMARY OF THE KING'S SPEECH; PLO FIGURES IN THE OCCUPIED TERRITORIES HAIL JORDAN'S DECISION; ISRAEL EXPELS EIGHT PALESTINIANS TO LEBANON; QATAR ESTABLISHES DIPLOMATIC TIES WITH THE SOVIET UNION; AND THE MEETING OF THE US DEFENSE SECRETARY AND HIS SOVIET COUNTERPART IN MOSCOW.

12. DOLLAR EXCHANGE RATE FOR AUGUST 2: USD 1 EQUALS PT 230.0 (BUYING) AND PT 230.6 (SELLING).

OPPOSITION NEWS

13. MOSSAD SCHEME. AL-SHAAB CLAIMS FOR THE THIRD TIME THAT THE MOSSAD RECRUITED FEMALE AIDS PATIENTS OF VARIOUS

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PREAD THE DISEASE IN EGYPT AND THE

1. *Staphylococcus aureus* (ATCC 12228)

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E.O. 12356: N/A
TAGS: PREL. PGOV. PINS. ECON. EG. US. UR
SUBJECT: CAIRO PRESS REVIEW. AUGUST 2, 1988

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ELECTRICITY WARNED AGAINST EGYPT'S CURRENT ANNUAL INCREASE
OF ELEVEN PERCENT IN ELECTRICITY CONSUMPTION.
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*** Current Handling Restrictions *** n/a

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FILM= D880613-0842

DATE= 18 JUL 88

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DRAFTER= n/a

OFFICE= ACTION EAP

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CONTROL_NBR= n/a

ENCLOSURE= n/a

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E.O. 12356: N/A
TAGS: OPRC, TW
SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

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JULY 17, 1988

HEADLINES:

1. SHULTZ SAYS TAIWAN-MAINLAND DEVELOPMENTS "ENCOURAGING"
2. SHULTZ'S TRIP TO BEIJING
3. CHIANG: FOREIGN RESERVES NOT UNDER HIS NAME
4. U.S. CONGRESSMEN TO VISIT TAIWAN
5. CBC HUYS GOLD 680,000 OUNCES IN MAY
6. BEIJING DRAFTING A CLEARER ECONOMIC POLICY TOWARD TAIWAN
7. TRADE ASSOCIATION TO STUDY TRADE RELATIONS WLTH MAINLAND
8. CENTRAL BANK TO RAISE INTEREST RATE, LENDING RATE
9. BUY-AMERICAN MISSIONS MAY BE CANCELLED
10. STOCKS SURGE, NT LEVELS
11. U.S. PROPOSES TAIWAN OPEN DUCK IMPORTS
12. TAIWAN TRADE MISSION ARRIVES IN VIETNAM

1. SHULTZ SAYS TAIWAN-MAINLAND DEVELOPMENTS "ENCOURAGING:"

- UNITED DAILY NEWS, CNA STORY DATELINED
WASGHINTON: U.S. SECRETARY OF STATE GEORGE SHULTZ
SAID IN BEIJING THAT HE GIVES A POSITIVE
EVALUATION TO THE TAIWAN-MAINLAND SITUATION. HE
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SAID. "WHAT WE SEE IS MORE EXCHANGES BETWEEN THE
TWO SIDES OF THE TAIWAN STRAIT. THAT IS MORE
EXCHANGES OF GOODS AND PEOPLE. ON THE WHOLE, THIS
THIS AN ENCOURAGING DEVELOPMENT."

SHULTZ WAS REPLYING TO A REPORTER'S QUESTION,
"WHAT'S YOUR OPINION ON CHINA'S REUNIFLCATION,
ESPECIALLY FOLLOWING THE KMT PARTY CONGRESS, AND
DO YOU PERCEIVE ANY CHANGES BETWEEN THE TWO SIDES
OF THE TAIWAN STRAITS?"

SHULTZ'S REPLY DID NOT MENTION THE KMT PARTY
CONGRESS. BUT HE APPARENTLY GAVE A POSITIVE VIEW
OF DEVELOPMENTS BETWEEN TAIWAN AND THE MAINLAND.
ACCORDING TO FACT SHEETS PRESENTED BY THE STATE
DEPARTMENT. SHULTZ ALSO REITERATED AMERICA'S

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WASHINGTON INSISTS THAT
CONSISTENT POSITION THAT "THE ISSUE OF CHINA'S REUNIFICATION MUST BE SOLVED
BY PEACEFUL MEANS."

REPLYING TO QUESTIONS OF THE ROLE THE UNITED STATES WILL PLAY IN TAIWAN ISSUES, SHULTZ SAID THAT AMERICAN POLICY IS THAT THERE IS ONLY ONE CHINA. (FULL)

- CHINA TIMES, HONG KONG STORY: ACCORDING TO THE XINHUA NEWS AGENCY, SHULTZ SAID THAT INCREASING EXCHANGES OF GOODS AND PEOPLE BETWEEN THE TWO SIDES OF THE TAIWAN STRAITS IS AN "ENCOURAGING DEVELOPMENT." HE SAID REUNIFICATION IS A CHINESE DOMESTIC AFFAIR. THE UNITED STATES WELCOMES STATEMENTS ON THE ISSUE MADE BY THE "PEOPLE'S REPUBLIC OF CHINA" IN RECENT YEARS. SHULTZ MADE THE ABOVE REMARKS IN A NEWS CONFERENCE AFTER HE MET WITH DENG XIAOPING, ZHAO ZIYANG, AND LI PENG.

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- CHINA TIME, TOKYO DISPATCH: REPORTS FROM
BEIJING SAI COMMUNIST CHINESE SECRETARY GENERAL
ZHAO ZIYAN SAID THAT THE CHINESE COMMUNIST PARTY
IS PREPARED TO COOPERATE WITH THE KMT IN ORDER TO
REUNIFYCHINA.

A NEWS AGENCY IN TOKYO, QUOTING REPOTS BY THE
CHINESE OFFICIAL XINHUA NEWS AGENCY, SAID ZHAO
MADE THE ABOVE STATEMENT DURING HIS MEETING WITH
SECRETARY OF STATE SHULTZ.

2. SHULTZ'S TRIP TO BEIJING:

- UNITED DAILY NEWS, WASHINGTON DISPATCH, JAMES
WANG: SECRETARY OF STATE SHULTZ MADE A "FAREWELL"
VISIT TO EEIJING. HE GAVE A 12-PARAGRAPH SPEECH
AT THE DINNER HOSTED BY THE CHINESE FOREIGN
MINISTER. ONLY TWO SENTENCES RELATED TO TAIWAN.
THE ATTENTION GIVEN TO TAIWAN IS MUCH LESS THAN
THAT GIVEN TO THE KOREAN ISSUE

SHULTZ BECAME THE SECRETARY OF STATE IN 1982. HE
HAD TO ELABORATE ABOUT THE AMERICAN RELATIONSHIP
WITH TAIWAN ON ALMOST EVERY OCCASION LIKE THIS.
HE HAS HAD TO REPEAT THE WORDS OF THE COMMUNIQUE
WASHINGTON SIGNED WITH BEIJING. AT THE SAME TIME
HE SAYS THAT WASHINGTON CAN'T FORGET OLD FRIENDS.
HOWEVER, SUCH ROUTINE DIPLOMATIC CLICHES ARE
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DECREASING. THEY DROPPED TO A RECORD LOW IN THIS "TOAST" IN BEIJING.

SHULTZ'S WORDS RELATED TO TAIWAN WERE IN THE EIGHTH PARAGRAPH OF HIS SPEECH. HE SAID, "WE HAVE MADE IT CLEAR THAT WE WELCOME DEVELOPMENTS ON BOTH SIDES OF THE TAIWAN STRAITS THAT CONTRIBUTE TO A RELAXATION OF TENSIONS AND CONSTRUCTIVE INTERCHANGE. SUCH DEVELOPMENTS ARE CONSISTENT WITH OUR LONG-STANDING INTEREST IN A PEACEFUL RESOLUTION OF THE TAIWAN QUESTION."

BUT WHAT IS MOST CONFUSING IS THE STATEMENT IMMEDIATELY FOLLOWING. HE SAID, "IN THE SAME SPIRIT, WE HOPE THAT THE RECENT COURAGEOUS AND FAR-SIGHTED PROPOSALS THAT HAVE BEEN MADE FOR CREATING A NEW CLIMATE ON THE KOREAN PENINSULA AND FOR EXPANDING NORTH-SOUTH CONTACTS WILL LEAD TO POSITIVE STEPS TOWARD NATIONAL RECONCILIATION. THE LEADERSHIP IN PYONGYANG HAS BOTH THE RESPONSIBILITY AND THE OPPORTUNITY TO HELP MAKE THE UPCOMING OLYMPIC GAMES IN SEOUL A SECURE AND CONTRIBUTING ELEMENT TO THIS PROCESS SO MUCH DESIRED BY ALL KOREANS."

SHULTZ'S COMMENT ON THE KOREAN DEVELOPMENT AS "COURAGEOUS AND FAR-SIGHTED" IMMEDIATELY FOLLOWING THE REMARKS ON THE TAIWAN-MAINLAND SITUATION MIGHT BE INTERPRETED AS "IMPLYING" THAT TAIWAN-MAINLAND RELATIONS SHOULD BE MORE POSITIVE AND LESS CONFRONTATIONAL. AT LEAST (ENCOURAGING BOTH) TO TAKE LARGER STEPS. BUT STATE DEPARTMENT OFFICIALS SAID THE UNITED STATES DID NOT UTILIZE THE "BOLD SUGGESTION" PROPOSED BY THE KOREANS TO PRESS

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TAIPEI TO REACH A COMPROMISE WITH BEIJING.

A U.S. GOVERNMENT OFFICIAL SAID SHULTZ'S STATEMENT CAN'T BE IMPLIED AS PRESSURE ON TAIPEI FROM WASHINGTON. SHULTZ WAS TALKING ABOUT TWO MATTERS OF A SIMILAR NATURE, BUT THE SITUATION IN THE KOREA PENINSULA AND THAT AROUND THE TAIWAN STRAITS ARE DIFFERENT IN DEVELOPMENT.

SHULTZ'S TOAST IN BEIJING ALSO ENCOURAGED BEIJING'S PEACEFUL AND LIBERALIZING POLICIES. HE NOTED THAT THE WORLD ECONOMY IS MOVING THROUGH A TRANSITION PERIOD AND INTERNATIONAL RELATIONS ARE CHANGING RAPIDLY. TRADITIONALLY HOSTILE COUNTRIES WILL TURN TO POLITICAL MEASURES TO SOLVE THEIR DISPUTES. COUNTRIES DIVIDED BY WAR OR REVOLUTION ARE NOW SEEKING TO CLOSE THE GAPS THROUGH DIALOGUE, TRADE, AND PERSONAL CONTACTS. FOR THE TIME BEING, THE KEY IS "LIBERALIZATION." A LIBERAL ATTITUDE TOWARD HUMAN CONTACTS, TRADE AND OLD PROBLEMS.

SHULTZ'S WORDS -- THAT HOSTILE COUNTRIES ARE THAWING THEIR RELATIONS AND ARE TURNING TO POLITICAL MEANS TO RESOLVE DISPUTES -- POINT TO THE NORMALIZATION BETWEEN THE UNITED STATES AND THE CHINESE COMMUNIST. AND THE NEWLY THAW IN UNCLASSIFIED

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WASHINGTON-MOSCOW AND MOSCOW-BEIJING RELATIONS. COUNTRIES SPLIT BY WAR OR REVOLUTION REFERS TO KOREA, GERMANY, AND CHINA.

ON SHULTZ'S MIND DURING THIS TRIP IS BEIJING'S SALE OF BALLISTIC MISSILES TO MIDDLE EAST COUNTRIES. HE SAID THE DEVELOPMENT OF DIVERSE CENTERS OF SCIENTIFIC AND INDUSTRIAL CAPACITY AROUND THE WORLD IS LEADING TO THE PROLIFERATION OF HIGH-TECH WEAPONRY -- ADVANCED AIRCRAFT, MISSILES, AND CHEMICAL WEAPONS. IN THE GULF WAR, LESS-DEVELOPED COUNTRIES FIGHTING AGE-OLD BATTLES ON RELIGIOUS, ETHNIC OR POLITICAL GROUNDS HAVE

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READY ACCESS TO SUCH HIGHLY DESTRUCTIVE
ARMAMENTS. SHULTZ SAID THAT JUST AS THE MAJOR
POWERS ARE MAKING PROGRESS IN GETTING THEIR ARMS
COMPETITION UNDER SOME CONTROL, THE DEVELOPING
WORLD IS INCREASINGLY BURDENED BY THIS FLOW OF
ADVANCED WEAPONRY.

THIS EXPRESSED SHULTZ'S PUBLIC DISSATISFACTION
WITH BEIJING'S MISSILE SALES TO MIDDLE EAST
COUNTRIES. THE UNITED STATES ONCE HELD OFF EASING
TECHNOLOGY TRANSFER RESTRICTIONS TO BEIJING
BECAUSE ITS SALE OF SILKWORM MISSILES TO IRAN.
BEIJING RECENTLY SOLD MID-RANGE MISSILES TO SAUDI
ARABIA. REPORTS IN THE MIDDLE EAST ALSO SAID THAT
BEIJING WILL SELL SHORT-RANGE BALLISTIC
MISSILES TO SYRIA AND LYBIA. THE UNITED STATES
BELIEVES THE USE OF SHORT-RANGE BALLISTIC MISSILES
IN THE MIDDLE EAST WILL DESTABILIZE THE SITUATION
AND ESCALATE THE RISK OF WAR.

HOWEVER, SHULTZ SAID THAT THE UNITED STATES DOES
ITS BEST TO KEEP THE FLOW OF ADVANCED TECHNOLOGY
ABROAD AS UNCONSTRAINED AS POSSIBLE, AS REFLECTED
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IN THE RECENT COCOM DECISION TO FURTHER LIBERALIZE
TECHNOLOGY TRANSFERS TO CHINA. SHULTZ'S STATEMENT
SEEMED TO RULE OUT THE POSSIBILITY THAT THE UNITED
STATES WILL TERMINATE TECHNOLOGY TRANSFERS TO
BEIJING BECAUSE OF THE LATTER'S ARMS SALES.

ON ISSUES RELATED TO THE COMMON INTERESTS OF
WASHINGTON AND BEIJING. SHULTZ MENTIONED THAT THE
SOVIET UNION, AFTER WITHDRAWING FROM AFGHANISTAN,
WOULD THINK OF A COMPLETE WITHDRAWAL OF VIETNAMESE
FORCES FROM CAMBODIA AND THE CREATION OF A
NATIONAL RECONCILIATION GOVERNMENT UNDER THE
LEADERSHIP OF PRINCE SIHANOUK. "ALL NATIONS
CONCERNED WITH THE FUTURE OF INDOCHINA HAVE AN
OBLIGATION TO FACILITATE SUCH A DEVELOPMENT."
SHULTZ IS ENCOURAGING BEIJING TO SUPPORT
SIHANOUK'S COALITION FORCE. SO THAT THE CAMBODIAN
COMMUNISTS NOT TO BLOCK THE SOLUTION OF THE
CAMBODIA ISSUE.

IT IS REPORTED THAT RANKING BEIJING OFFICIALS
GUARANTEED SHULTZ THAT BEIJING HAS NO INTENTION OF
LETTING VIETNAM CONTINUE OCCUPYING CAMBODIA, AND
BEIJING DOES NOT INSIST THAT CAMBODIAN COMMUNISTS
BECAME THE MAIN FORCE IN THE GOVERNMENT. ON THE
OTHER SIDE. BECAUSE THE SOVIET UNION IS

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CONSTRAINED BY ITS DOMESTIC ECONOMIC PROBLEMS.
VIETNAM IS ADJUSTING ITS ATTITUDE TOWARD BEIJING
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TO AMELIORATE TENSIONS.

THE BIGGEST HINDRANCE TO MOSCOW-BEIJING
NORMALIZATION IS THE ISSUE OF THE VIETNAMESE
INVASION TO CAMBODIA. AS THIS PROBLEM IS
ADDRESSED, BEIJING'S RELATIONS WITH MOSCOW ARE
ALSO IMPROVING. THIS TENDENCY IS TO THE AMERICAN
EXPECTATION, AND WELCOMED BY WASHINGTON WHICH IS
ALSO IMPROVING RELATION WITH MOSCOW. (FULL)

3. CHIANG: FOREIGN RESERVES NOT UNDER HIS NAME:

- CHINA TIMES, MOST PAPERS: CHIANG HSIAO-WU,
DEPUTY ENVOY TO SINGAPORE, REJECTS AS "RIDICULOUS"
REPORTS THAT THE CENTRAL BANK OF CHINA PLACED USD3
BILLION OF THE FOREIGN RESERVES IN A SINGAPORE
BANK UNDER HIS NAME.

HE SAID HE IS A DIPLOMAT AND HAS NO CONNECTION
WITH FOREIGN RESERVES. WHICH ARE SOLELY HANDLED BY
THE CENTRAL BANK OF CHINA. HE SAID HE BELIEVED
NONE OF TAIWAN'S REPRESENTATIVES IN SINGAPORE HAVE
ANYTHING TO DO WITH FOREIGN RESERVES.

TO QUESTIONS WHETHER TAIWAN SHOULD OPEN DIRECT
TRADE WITH SOVIET UNION, HE SAID. "IT IS UNWISE TO
TRADE WITH A COMMUNIST COUNTRY." HE ADDED. "WE
HAVE TO UNDERSTAND OUR FRIENDS. AND WE HAVE TO
UNDERSTAND OUR ENEMIES AS WELL. THE SOVIET UNION
HAS NOT CHANGE ITS FOREIGN POLICY TOWARD CHINA
(TAIWAN)."

- UNITED DAILY NEWS: CHIANG SAID TAIWAN AND
SINGAPORE SHOULD MOVE TOWARD COOPERATION, NOT
COMPETITION, IN TRADE AND HIGH-TECH DEVELOPMENT.

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HE ALSO PRAISED HIS HALF-BROTHER. JOHN CHANG. FOR
HIS REMARKABLE DIPLOMATIC PERFORMANCE. CHIANG
SAID HE AND CHANG MET OFTEN ON DIPLOMATIC AFFAIRS,
AND BOTH SHARE MANY VIEWS.

4. U.S. CONGRESSMEN TO VISIT TAIWAN:

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REF ID: A51710
- UNITED DAILY NEWS: U.S. SENATOR MARK HATFIELD (R-OREGON) WILL ARRIVE IN TAIPEI MONDAY FOR A FIVE-DAY VISIT. ANOTHER DELEGATION OF REPRESENTATIVES LED BY REPRESENTATIVE MACHAEL OXLEY WILL ALSO ARRIVE MONDAY FOR SIX-DAY VISIT. THE DELEGATION INCLUDES REPRESENTATIVES BILL FRENZEL AND JOEL HEFLEY. THE VISITORS ARE SCHEDULED TO MEET THE PREMIER YU.

5. CBC BUYS GOLD 680,000 OUNCES IN MAY:

- COMMERCIAL TIMES, FRONT PAGE: THE CENTRAL BANK OF CHINA BOUGHT 680,000 OUNCE OF GOLD IN MAY, BRINGING THE BANK'S TOTAL GOLD RESERVES TO 12.937 MILLION OUNCES WORTH USD5 BILLION. THE BANK'S ANNUAL REPORT SAID THE MAY PURCHASE WAS THE LOWEST SINGLE-MONTH INTAKE SINCE NOVEMBER OF LAST YEAR WHEN THE OFFICIAL BANK STARTED TO SPONGE GOLD.

6. BEIJING DRAFTING A CLEARER ECONOMIC POLICY TOWARD TAIWAN:

- ECONOMIC DAILY NEWS, NEW YORK DISPATCH: A UNCLASSIFIED

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RANKING BEIJING OFFICIAL SAID TAIWAN'S SUSPICION THAT BEIJING'S ECONOMIC POLICIES ARE CAPRICIOUS IS UNDERSTANDABLE. HE SAID BEIJING IS NOW STUDYING A CLEARER ECONOMIC/TRADE POLICY RELATED TO TAIWAN.

SUN SHANGQING, DEPUTY SECRETARY OF THE ECONOMIC, TECHNOLOGICAL, AND SOCIAL DEVELOPMENT RESEARCH UNIT UNDER BEIJING'S STATE COUNCIL, MADE THE ABOVE COMMENT. HE IS REGARDED ONE OF THE MOST INFLUENTIAL THINK-TANK MEMBERS ON BEIJING'S ECONOMIC POLICIES.

HE SAID BEIJING'S ECONOMIC REFORMS "WILL NOT AND CAN NOT MAKE A U-TURN." HE SAID THE MOST URGENT TASK (FOR BEIJING IN HANDLING THE TAIWAN-MAINLAND ECONOMIC/TRADE RELATIONS) IS TO IMPROVE THE INVESTMENT CLIMATE IN THE MAINLAND. HE ALSO CALLED ON TAIWAN TO LIBERALIZE RESTRICTIONS ON LOCAL BUSINESSMEN INVESTING ON THE MAINLAND.

HE SAID MANY OF TAIWAN'S EXPERIENCES IN ECONOMIC DEVELOPMENT COULD PROVIDE A MODEL FOR THE

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TO ATTRACT FOREIGN

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Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The *Agrobacterium* strains were grown in the YEA medium for 24 h at 28 °C. The cell concentration of the strains was adjusted to 10⁸ cells/ml. The cell suspension was mixed with the plant tissue and the transformation efficiency was determined. The results were expressed as the mean ± SD of three independent experiments. The asterisks indicate the significant difference between the strains at the same concentration of the cell suspension.

—

| Age Group | Total (%) | Female (%) | Male (%) | Unknown (%) |
|-----------|-----------|------------|----------|-------------|
| 18-24 | 100 | 55 | 45 | 0 |
| 25-34 | 100 | 65 | 35 | 0 |
| 35-44 | 100 | 60 | 40 | 0 |
| 45-54 | 100 | 55 | 45 | 0 |
| 55-64 | 100 | 50 | 50 | 0 |
| 65+ | 100 | 35 | 65 | 0 |

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- COMMERCIAL TIMES, FRONT PAGE: THE ROC NATIONAL INDUSTRIES ASSOCIATION HAS DECIDED TO SET UP A COMMITTEE TO STUDY ECONOMIC/TRADE RELATION WITH THE MAINLAND. THIS COMMITTEE WILL MEET ONCE A MONTH.

THE ASSOCIATION, CHAIRED BY HSU SENG-FA, NEWLY-ELECTED TO THE KMT'S TOP POLICY-MAKING CENTRAL STANDING COMMITTEE, MADE THE DECISION AND PRESENTED IT TO BE APPROVED BY THE INTERIOR MINISTRY. SU SAID THE COMMITTEE WILL EVALUATE THE ADVANTAGES AND DISADVANTAGES OF DOING BUSINESS WITH THE MAINLAND.

- ECONOMICS MINISTRY OFFICIALS SAID THEY WELCOME BUSINESS GROUPS DOING THEIR OWN RESEARCH ON TRADE RELATIONS WITH THE MAINLAND AND SAID THIS WILL BE HELPFUL TO THE MINISTRY AS IT MAPS OUT TRADE POLICY TOWARD THE MAINLAND.

8. CENTRAL BANK TO RAISE INTEREST RATE, LENDING RATE:

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- UNITED DAILY NEWS, FRONT PAGE. IT IS LEARNED THAT CENTRAL BANK OF CHINA MIGHT RAISE THE CEILING AND LOWER THE FLOOR OF BOTH INTEREST RATES AND LENDING RATES. MANY BANKS HAVE ALREADY MOVED THEIR RATES RECENTLY BEYOND THE RANGE THE OFFICIAL
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BANK ALLOWED.

9. BUY-AMERICAN MISSIONS MAY BE CANCELLED:

- COMMERCIAL TIMES: THE BOARD OF FOREIGN TRADE IS CONSIDERING CHANGING THE BUY-AMERICAN MISSIONS INTO VISITING GROUPS. SCRAPPING THE REQUIREMENT TO BUY COMMODITIES. HOWEVER, THE BUSINESS COMMUNITY HAS URGED THE AGENCY SIMPLY TO CANCEL SUCH TRIPS. MANY BUSINESSMEN EXPRESS A LUKEWARM ATTITUDE TOWARD BUY-AMERICAN MISSIONS THIS YEAR BECAUSE TAIWAN HAS ALLOWED FREE IMPORT OF COMMODITIES AND THE UNITED STATES IS EXPERIENCING A DROUGHT.

- AN ANALYSIS BY LIU PEI-YUAN SAID THE BUY-AMERICAN MISSIONS, WHICH HAVE BEEN HELD ROUTINELY FOR 10 YEARS, ARE FACING AN END TO MOST OF THE AMERICAN STATES VISITED BY THE MISSION. IT IS LIKE A "LEFTOVER DISH" - THEY HAVE NO APPETITE FOR IT, BUT IT IS A PITY TO DUMP IT.

CCNAA REPRESENTATIVE FREDRICK CHIEN HAS SENT MANY SPECIAL CABLES TO TAIPEI TRYING TO PERSUADE THE BOFT TO CONTINUE ORGANIZING THE MISSION TO HELP CCNAA STRENGTHEN RELATIONS WITH THE STATES.

HOWEVER, AN OFFICIAL WHO HAS BEEN IN BUY-AMERICAN MISSION GROUPS MANY TIMES SAID THE TAIPEI GOVERNMENT PAID FOR ALL THE EXPENDITURES OF THE MISSION IN THE UNITED STATES. AND THAT IS THE REASON WHY NO STATE REJECTS TAIWAN'S MISSION. BUT THE U.S. ADMINISTRATION HAS SAID MANY TIMES THAT BUY-AMERICAN MISSIONS CAN'T ACTUALLY SOLVE TRADE PROBLEMS BETWEEN TAIWAN AND THE UNITED STATES. THE USTR ALSO SHOWS NO GRATITUDE FOR TAIWAN'S

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PAGE 02 AIT TA 04494 07 OF 07 180840Z

E.O. 12356: N/A
TAGS: OPRC, TW
SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

SINCERITY IN SENDING SUCH GROUPS, THE OFFICIAL
SAID.

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BUT, AS THE TAIPEI ADMINISTRATION WILL SOON RESHUFFLE, NO OFFICIAL IS WANTS TO LET THE YEARS-OLD BUY-AMERICAN MISSIONS DIE IN HIS HANDS. BUT BUSINESSMEN BELIEVE THAT IF SUCH MISSION HAVE LOST THEIR FUNCTION, WHY NOT JUST PRONOUNCE THE DEATH PUBLICLY.

10. STOCKS SURGE, NT LEVELS:

- ECONOMIC DAILY NEWS: STOCKS SURGED 75.78 POINTS TO CLOSE AT 5,454.29. TURNOVER AMOUNTED TO NTD23 BLLLION.

CHINA TIMES: THE NT STABILIZED AT 28.63-1 AFTER THE CBC INTERVENED TO ABSORB LARGE AMOUNTS OF GREENBACKS. INTER-BANK TRANSACTIONS TOTALED USD501 MILLION.

11. U.S. PROPOSES TAIWAN OPEN DUCK IMPORTS:

- CHINA TIMES: FOLLOWING TURKEY, THE UNITED STATES HAS PROPOSED THAT TAIWAN ALLOW DUCK IMPORTS. THE COUNCIL FOR AGRICULTURE HAS SAID THIS IS HARD TO ACCEPT. AGRICULTURAL OFFICIALS SAID DUCK IMPORT LICENSING WAS BROUGHT UNDER UNCLASSIFIED

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CONTROL LAST SEPTEMBER BECAUSE OF AN IMPORT SURGE IN THE WAKE OF THE NT APPRECIATION AT THAT TIME.

THAT THE U.S. NOW HOPES TAIWAN WILL ALLOW DUCK IMPORTS WAS IN A MESSAGE RELAYED THROUGH AIT TO THE AGRICULTURAL COUNCIL. OFFICIALS OF THE COUNCIL SAID THE UNITED STATES HOPES TO PLACE DUCK IMPORTS ON THE AGENDA OF THE UP-COMING HAWAII TRADE TALKS. OFFICIALS SAID TURKEY IMPORTS ARE STILL CONTROVERSIAL. AND DUCK IMPORTS ARE OUT OF QUESTION.

12. TAIWAN TRADE MISSION ARRIVES IN VIETNAM:

- COMMERCIAL TIMES, AFP STORY DATED HANOL: THE VIETNAM NEWS AGENCY REPORTED THAT A TRADE DELEGATION ARRIVED FROM TAIPEI FOR THE FIRST TIME AFTER TAIWAN CUT DIPLOMATIC RELATIONS WITH VIETNAM 12 YEARS AGO. THE SIX-MEMBER DELEGATION WAS LED

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BY PAN CHIA-HSIN, DIRECTOR OF THE CHINA EXTERNAL
TRADE DEVELOPMENT COUNCIL, A SEMI-OFFICIAL TRADE
AGENCY. DEAN

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DOC_NBR= 74BAGHDA00569

FILM= D740243-0236

DATE= 31 AUG 74

TYPE= TE

FROM= BAGHDAD

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= ~~CONFIDENTIAL~~

ORIGPCCLASS= n/a

EO= GS

SUBJECT= IRAQI-IRANIAN CONFLICT

REFERENCE= BAGHDAD 0568

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= FOREIGN RELATIONS, MOBILIZATION, MILITARY BUILDUP

TAGS= PFOR, IZ, IR

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INFO AMEMBASSY ABU DHABI

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AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY KABUL

AMEMBASSY LONDON

AMEMBASSY MOSCOW

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AMEMBASSY TEHRAN

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E.O. 11652: ~~GDS~~

TAGS: PFOR, IZ, IR

SUBJECT: IRAQI-IRANIAN CONFLICT

REF: BAGHDAD 0568

1. ALTHOUGH USINT DID NOT RECEIVE NOTE GIVEN DIPLOMATIC
MISSIONS CONDEMNING RECENT IRANIAN ACTIONS (REFTEL), I
GOT FIRST HAND ACCOUNT OF GOI POSITION FROM FOREIGN MINISTER
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TAQA ON AUGUST 26 DURING MEETING ON OTHER SUBJECT

2. TAQA SAID IRAN HAD CONCENTRATED 3 ARMORED DEVISIONS, 2 INFANTRY DIVISIONS AND 2 INFANTRY BRIGADES ALONG ENTIRE LENGTH OF BORDER. THESE TROOPS AS WELL AS IRANIAN AIR FORCE ARE ON FULL ALERT. HE NOTED THAT IRAN HAD NOT DENIED REPORTS OF ALERT BUT RELATED IT TO IRAQI MILITARY ACTIONS. THIS IS REDICULOUS, HE SAID, SINCE IRAQI FORCES ENGAGED IN INTERNAL ACTION. HE CONTINUED, WITH SOME FEELING, "IF SHAH OR ANYONE ELSE HAS IDEA OF NEW BANGLADESH IN IRAQ HE IS VERY MISTAKEN. BARZANI IS NOT REPRESENTATIVE OF KURDS, HE IS IN LAST DAYS, AND THOSE WHO ARE BETTING ON HIM ARE BETTING ON LOSING HORSE." TAQA SAID THAT ISTANBUL MEETING HAD BEEN RESULT OF IRAQ INITIATIVE AND WAS TO RESOLVE ALL OUTSTANDING PROBLEMS. NEGOTIATIONS WERE PROCEEDING "NOT BADLY" WHEN IRANIAN TROOP CONCENTRATION BEGAN AND ATTACKS HARDENED. IN RESPONSE TO MY QUESTION ABOUT ALLEGED IRAQI INCURSIONS ON AUGUST 4 AND 8, TAQA SAID THERE HAD BEEN NO IRAQI INCURSIONS AND THAT IF THEY OCCURED AT ALL, THEY WERE LIKELY PROVOCATIVE ACTS BY KURDS. KURDS HAD, HE SAID, PREVIOUSLY ENGAGED IN THIS KIND OF ACTIVITY WEARING IRAQI ARMY UNIFORMS ON TURKISH BORDER.

3. COMMENT: THERE IS VIRTUAL UNANIMITY AMONG FOREIGN OBSERVERS IN BAGHDAD THAT IRAQIS ARE NOW SERIOUS ABOUT FULL RAPPROCHMENT WITH IRAN AS PREREQUISITE FOR RESOLVING KURDISH PROBLEM AND THAT IT WOULD BE COUNTER TO IRAQ'S INTEREST TO ANTAGONIZE IRAN WITH BORDER INCURSIONS. VIEW IS ALMOST EQUALLY UNANIMOUS THAT GIVEN HIS COMPLETE DISTRUST OF BAATH REGIME, SHAH IS NOT INTERESTED IN RAPPROCHMENT AND WILL CONTINUE TO ASSIST BARZANI FORCES TO KEEP BAATH PREOCCUPIED. IRAQI EDITORIALISTS ARE ACCUSING NOT ONLY IRAN, BUT U.S. AND SOME ARAB REGIMES OF SAME MOTIVIES BECAUSE OF IRAQ'S DETERMINED STAND "IN THE VANGUARD OF THE ARAB REVOLUTIONARY POWERS OPPOSING CAPITULATION".

4. NO ONE CAN ASSURE IRANIANS OR OTHER ENEMIES OF BAATH REGIME THAT IF KURDISH SETTLEMENT COULD BE FOUND, IRAQ WOULD BEHAVE RESPONSIBLY, FURTHER CURTAIL SOVIET PRESENCE, AND BECOME FORCE FOR REGIONAL STABILITY, HOWEVER THE CONVERSE

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SEEMS TO ME A VIRTUAL CERTAINTY; I.E. UNTIL KURDISH PROBLEM RESOLVED AND RAPPROCHMENT TAKES PLACE WITH IRAN, IRAQ WILL ENGAGE IN SUBVERSION AGAINST ITS REAL AND IMAGINED ENEMIES, RELY OF NECESSITY ON USSR FOR MILITARY AND

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POLITICAL SUPPORT, AND CONTINUE TO BE CENTER OF INSTABILITY
IN THIS AREA. FROM BAGHDAD VANTAGE POINT, TIME IS RIPE FOR
SERIOUS IRANIAN-IRAQ NEGOTIATIONS AND IRANIANS WOULD APPEAR
TO BE IN POSITION TO OBTAIN MAXIMUM CONCESSIONS. IT IS,
IN MY VIEW, VERY MUCH IN U.S. INTERESTS THAT IRANIANS AT
LEAST MAKE THE EFFORT.
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DOC_NBR= 74TABRIZ00020

FILM= D740244-1134

DATE= 04 SEP 74

TYPE= TE

FROM= TABRIZ

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

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EO= GS

SUBJECT= THE KURDISH WAR IN IRAQ SUMMARY: THE LONG HERALDED IRAQI INVASION OF THE BARZANI COUNTRY

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARMED FORCES, WAR, MILITARY LOGISTICS

TAGS= PINS, IR, IZ

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INFO AMEMBASSY ANKARA

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

AMCONSUL ADANA

AMCONSUL KHORRAMSHAHR

USCINCEUR VAIHINGEN GER

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: PINS, IR, IZ

SUBJ: THE KURDISH WAR IN IRAQ

SUMMARY: THE LONG HERALDED IRAQI INVASION OF THE BARZANI COUNTRY HAS BEGUN. THE IRAQI STRATEGY APPARENTLY IS TO DRIVE A WEDGE FROM THE PLAINS ALONG A ROUTE ROUGHLY PARALLEL TO THE IRANIAN BORDER UNTIL THEY REACH THE TURKISH BORDER AND THEN FORTIFY THIS LINE TO PREVENT THE INFLOW OF IRANIAN SUPPLIES AND THE OUTFLOW OF KURDISH CIVILIANS. THE CIVILIANS WOULD THEN HAVE TO BE FED OUT OF INCREASINGLY LIMITED KURDISH SUPPLIES RATHER THAN EVACUATED TO IRAN. HAMPERED BY THEIR OWN LACK OF ANTI-TANK AND ANTI-AIRCRAFT GUNS, THE KURDS HAVE ADOPTED A STRATEGY OF FIGHTING INCREASINGLY HARDER DELAYING ACTIONS WHILE MAINTAINING A STEADY STREAM OF ATTACKS IN THE REAR OF THE MAIN BATTLE AREAS AND HOPING TO BLEED THE IRAQI ARMY TO A LEVEL WHICH WILL BE INTOLERABLE AND WILL

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EVENTUALLY FORCE EITHER A CHANGE OF POLICY OR OF THE GOVERNMENT. THE INITIAL IRAQI ATTACKS HAVE SUCCEEDED AFTER HARD FIGHTING AND ONE OF TWO MAIN IRANIAN SUPPLY POINTS HAS CEASED ITS SUPPLY FUNCTION. THE REFUGEE FLOW HAS INCREASED AND WILL CERTAINLY INCREASE FURTHER IN THE NEXT FEW WEEKS. IRANIAN TROOPS ARE ON ALERT ALONG THE BORDER BUT THEIR INTENTIONS ARE NOT CLEAR. THESE ARE THE PRINCIPAL RESULTS OF RECENT TALKS WITH GOI OFFICIALS, FOREIGN CORRESPONDENTS AND BARZANI KURDS ENCOUNTERED IN WESTERN IRAN CLOSE TO THE COMBAT AREA. END SUMMARY.

1. CONSUL SPENT PERIOD AUGUST 25 TO 28 IN WESTERN AZERBAIJAN. CONTACTED DURING THIS PERIOD WERE: PETER STURKEN, WOUNDED US JOURNALIST WHO WAS RECOVERING IN PIRANSHAHR HOSPITAL, TWO FRENCH JOURNALISTS WHO HAD JUST COME FROM THE FIGHTING, SEVERAL PISH MERGA OFFICERS, DARA TAWFICK, GENERAL SECRETARY OF INFORMATION, CULTURE AND YOUTH OF KDP, AND NUMEROUS IRANIAN OFFICIALS OF WHOM GENERAL OTMISHI, THE GOVERNOR OF SARDASHT, WAS THE MOST HELPFUL. FROM THESE TALKS THE FOLLOWING PICTURE EMERGED.

2. IRAQI ARMY: ACCORDING TO KURDS THE IRAQIS HAVE SIX REGULAR DIVISIONS AND TWO SPECIALIZED DIVISIONS (ONE MOUNTAIN) PLUS SEVERAL INDEPENDENT BATTALIONS ENGAGED IN KURDISH WAR. THEIR EQUIPMENT IS CONSIDERABLY SUPERIOR TO THAT AVAILABLE IN PREVIOUS WAR AND THEY ARE MAKING FULL USE OF SOVIET SUPPLIED AIRCRAFT, MOSTLY OLDER MIGS AND T-22 BOMBERS, AND NEW T-55 TANKS. THEY HAVE ADOPTED TACTICS OF ATTACKING IN LARGE FORCE AND DO LITTLE SMALL UNIT MOVEMENT. THEY RARELY MAINTAIN AN ATTACK IN THE FACE OF HEAVY FIRE, EVEN WHEN THEY CONSIDERABLY OUTNUMBER THE DEFENDING FORCE, AND RELY ON AIR AND ARTILLERY STRIKES BEFORE RENEWING THE ATTACK. IRAQI ARMY PAY IS REGULAR AND THERE IS FAR LESS OF A PROBLEM WITH DESERTIONS THAN FORMERLY. KURDS CLAIM TO HAVE SOVIET ADVISORS ON THE RADIO AND BELIEVE SOVIET PILOTS MAY BE FLYING T-22'S BUT THEY HAVE NO PROOF. KURDS STATE IRAQIS ARE FIGHTING HARDER AND BETTER THAN IN PREVIOUS WAR AND HAVE OBVIOUSLY LEARNED SOME LESSONS.

3. GOAL OF IRAQI STRATEGY APPEARS TO BE CUTTING OFF KURDISH SUPPLY LINE TO IRAN BY CREATING FORTIFIED LINE PARALLEL TO IRANIAN BORDER. TWO DIVISIONS HAVE ATTACKED NORTH FROM SULAYMANIYAH AND HAVE REACHED QALAT DIZAH WHICH FELL LAST WEEK. THIS, ACCORDING GOVERNOR OF SARDASHT GENERAL OTMISHI, HAS CUT SUPPLY LINE FROM SAR-

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DASHT. ONLY SUPPLIES NOW MOVING FROM SARDASHT ARE FOR APPROXIMATELY 10,000 REFUGEES STACKED UP ON IRAQI SIDE OF BORDER AND WAITING TO MOVE INTO IRAN.

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4. SECOND IRAQI FORCE OF THREE DIVISIONS APPARENTLY ATTACKING NORTH-EAST TO RAWANDUZ WHICH WAS OCCUPIED ABOUT AUGUST 23 AFTER TWO WEEK LONG BATTLE AROUND MOUNTAIN COMMANDING ALI BEG PASS OUTSIDE TOWN. ACCORDING TO MR STURKEN THE KURDS HELD THEIR POSITIONS DURING LATTER BATTLE THROUGH SEVERE POUNDING AND TWICE TURNED BACK IRAQI ARMORED ATTACKS WHEN THEY SCORED DIRECT HITS ON IRAQI TANKS WITH SINGLE FIELD PIECE. KURDS HAD ONLY THIRTY ROUNDS FOR THE GUN AND WHEN THIS RAN OUT THEY WERE FORCED TO ABANDON POSITION. IRAQIS SECURING ROAD COMMUNICATIONS BY BUILDING COMPANY SIZE FORTIFICATIONS EVERY HALF MILE OR LESS. POSITIONS PROTECTED WITH SOVIET TYPE CLAYMORE MINES, BARB WIRE AND INFANTRY WEAPONS AND RECEIVE RAPID AIR COVER AND AIR DROPPED FLARES WHEN ATTACKED AT NIGHT, MAKING THEM TOUGH NUTS TO CRACK. IRAQIS PROBABLY PLANNING ON CONTINUING DRIVE TOWARD BARZAN, PRESENTLY TRANSFER POINT WHERE SUPPLIES TRUCKED FROM IRAN ARE SWITCHED TO ANIMAL TRANSPORT FOR WESTWARD MOVEMENT INTO KURDISH AREA.

5. IRANIAN INPUTS: KURDISH CONTACTS CONFIRMED THAT TURKISH BORDER COMPLETELY CLOSED BUT THAT SUPPLIES MOVING FREELY FROM IRAN. SUPPLIES ARE MOSTLY FOOD, MEDICINES, AND CLOTHES, ALTHOUGH SOME AMMUNITION AND SMALL QUANTITY OF ANTI-TANK AND ANTI-AIRCRAFT GUNS WERE RECENTLY TRANSFERRED TO KURDS. PIRANSHAHR (SHOWN ON SOME MAPS AS KHANEH) IS NOW MAIN SUPPLY POINT ON IRANIAN SIDE. IN ONE DAY AROUND PIRANSHAHR I COUNTED 12 TWO AND HALF TON TRUCKS, 15 VEHICLES OF LANDROVER-THREE QUARTER TON TRUCK SIZE, AND HALF A DOZEN SEDANS BELONGING TO BARZANI KURDS (USUALLY IDENTIFIABLE BY LACK OF LICENSE PLATES AND BLUE HEADLIGHTS AND CHROME MARKINGS). QUANTITY OF IRANIAN SUPPLIES TO BARZANI SAID TO BE INCREASING BUT ARMS SUPPLY APPARENTLY STILL LIMITED.

6. KURDS CLAIM 70,000 REFUGEES NOW IN IRAN WITH ANOTHER 20,000 WAITING ON BORDER TO CROSS INTO IRAN. IRANIAN PAPERS HAVE PUBLISHED SIMILAR FIGURES. I TEND SHARE SKEPTICISM OF GOVERNOR OTMISHI AND, BASED ON WHAT I HAVE SEEN AND BEEN TOLD BY OTHER GOI CONTACTS, WOULD AGREE WITH HIM THAT TOTAL PROBABLY NOT ABOVE 40,000 TO 50,000 WITH 10,000 OR MORE LIKELY TO BE ADDED SOON.

HOWEVER, IF FIGHTING CONTINUES AT PRESENT PACE FIGURE OF 70,000 OR
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MORE MIGHT BE REACHED BEFORE WINTER. REFUGEES MOSTLY WOMEN, CHILDREN AND OLD MEN. MANY PISH MERGA CIRCULATE IN AND OUT OF IRAN BUT DO NOT REMAIN IN CAMPS. ALL REFUGEES SUPPOSEDLY ACCOMODATED IN RED LION AND SUN (IRANIAN RED CROSS) CAMPS PREVIOUSLY REPORTED. KURDS HAVE THEIR OWN DOCTORS AND TEACHERS WITH THEM.

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INFO AMEMBASSY ANKARA
AMEMBASSY BEIRUT
AMCONSUL ADANA
AMEMBASSY TEHRAN BY POUCH
AMCONSUL KHORRAMSHAHR BY POUCH
USCINCEUR VAIHINGEN GERMANY

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BEIRUT PASS BAGHDAD

DIRECTOR OF EDUCATION IN REZAIYEH COMMENTED THAT KURDS DOING OWN TEACHING IN KURDISH AND THAT MINED SUPPLYING ONLY BASIC SUPPLIES PLUS TWO TEACHERS REQUESTED BY KURDS TO TEACH PERSIAN TO KURDISH TEACHERS. TWO NEW CAMPS ARE SAID TO BE UNDER CONSTRUCTION IN WEST AZERBAIJAN FOR WINTER WITH ONE ROOM ALLOCATED FOR EACH FAMILY. HOSPITALS AS REPORTED PREVIOUS TELS STILL FUNCTIONING WITH BOTH IRANIAN AND PISH MERGA DOCTORS. IRANIANS OBVIOUSLY SENSITIVE THAT DEGREE OF INVOLVEMENT NOT BECOME TOO PUBLIC. PERMISSION NEEDED TO ENTER CAMPS AND KURDS STATED THAT THEY WERE NOT ALLOWED TO CIRCULATE FURTHER EAST THAN TOWN OF REZAIYEH.

7. IRANIAN MILITARY ON ALERT THROUGHOUT BORDER AREA. ARMY UNITS REMAIN IN CAMPS BUT VEHICLES ARE DISPERSED,

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CAMOUFLAGE NETTING IS IN USE AND LIMITED NUMBER OF LIGHT

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ANTI-AIRCRAFT GUNS AND LIGHT FIELD PIECES ARE SET UP AROUND BASES. TABRIZ AIR BASE ON FIFTY PERCENT ALERT AND ROUTINE FLYING PERFORMED WITH PLANES FULLY ARMED. RUMOR CLAIMS ADDITIONAL TROOPS HAVE MOVED FROM ZANJAN AND QAZVIN TO BORDER AREA. IRANIAN INTENTIONS MAY BE PURELY DEFENSIVE IN VIEW CLASHES FURTHER SOUTH AND LARGE NUMBERS IRAQI TROOPS NOW OPERATING CLOSE TO BORDER. AT PRESENT THERE IS NO, RPT NO, DEPLOYMENT INDICATING IRANIAN OFFENSIVE AND ALERT MAY SIMPLY BE PRECAUTIONARY MEASURE.

8. KURDS: GIVEN DISPARITY OF EQUIPMENT KURDS REALIZE THEY CANNOT HOLD FIXED POSITIONS. ACCORDING ONE CONTACT BARZANI COMMANDERS ARE INSTRUCTED HOW MANY CASUALTIES THEY CAN AFFORD IN HOLDING ANY GIVEN POSITION AND ARE THUS FIGHTING DELAYING ACTION WITH RESISTANCE BECOMING INCREASINGLY STRONG AS IRAQIS PUSH NORTH. AT SAME TIME THEY ARE MAINTAINING NUMEROUS FORCES ALONG ROUTES TAKEN BY IRAQIS AND ARE CONTINUING SMALL ATTACKS TO KEEP IRAQIS FROM FEELING SECURE ANYWHERE IN KURDISTAN AND FORCE THEM TIE UP INCREASING NUMBERS IN GUARD DUTY. KURDS HOPE TO BLEED IRAQIS AT MINIMUM RATE OF 30 KILLED PER DAY (9,000 PER YEAR PLUS WOUNDED) AND THINK THIS MAY EVENTUALLY UNDERMINE WILL TO FIGHT AND BRING ABOUT FALL OF BAGHDAD GOVERNMENT.

9. FOREIGN CORRESPONDENTS, IRANIANS, AND PERSONAL OBSERVATIONS ALL AGREE THAT KURDISH MORALE EXTREMELY HIGH. ACCORDING TO DOCTOR AND GOVERNOR OTMISHI, KURDS LEAVE HOSPITAL AS SOON AS THEY CAN MOVE AND RETURN TO FRONT LINES. MORE VOLUNTEERS ARE SUPPOSEDLY AVAILABLE TO JOIN PISH MERGA THAN THERE ARE GUNS TO SUPPLY THEM. KURDS SAID TO BE FAR MORE UNIFIED THAN IN PAST WITH HEAVY MOVEMENT OF URBAN EDUCATED KURDS TO BARZANI. EXAMPLES ABOUND: IN LAST WAR PISH MERGA HAD HALF A DOZEN DOCTORS, THIS TIME THEY CLAIM 92 ARE SERVING WITH ARMY IN KURDISTAN AND ANOTHER EIGHT TO TEN ARE IN CAMPS AND HOSPITALS ON IRANIAN SIDE. GUN THAT GAVE SUCH GOOD SERVICE AT RAWANDUZ WAS MANNED BY CREW OF SIX ARTILLERY OFFICERS, FORMERLY IN IRAQI ARMY. AT BEGINNING OF WAR EVERYBODY GRABBED WHAT THEY COULD AND HEADED FOR THE HILLS. ONE GROUP OF KURDISH POLICEMEN FROM SULAYMANIYAH EVEN TOOK

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THEIR PRISONERS WITH THEM AND, SINCE THEY HAVE SEEN TOO MUCH TO BE RELEASED, THEY ARE FINISHING OUT THEIR SENTENCES IN KURDISH JAIL. MR. TAWFICK STATED THAT COMMUNISTS NO LONGER A THREAT AND THAT MANY KURDISH COMMUNISTS NOW FIGHTING WITH BARZANI SIDE BY SIDE WITH CHRISTIAN KURDS, SOME OF WHOM I MET.

10. EQUIPMENT IS MAIN PROBLEM. KURDS HAVE SOME OLD FIELD PIECES, ANTI-TANK AND ANTI-AIRCRAFT GUNS AND RPG-7 SHORT RANGE ANTI-TANK WEAPONS. ANTI-AIRCRAFT FIRE HAS FORCED IRAQIS TO STAY AT HIGHER ALTITUDES BUT AS MUCH OF THEIR MISSION IS CROP DESTRUCTION AND BOMBING VILLAGES THIS NOT VERY IMPORTANT. CORRESPONDENTS AND KURDS BOTH CLAIMED THAT RADIO KURDISTAN IS ACCURATE IN ITS REPORTING, THAT PLANES AND TANKS REPORTED DESTROYED ARE CONFIRMED KILLS (THIS NOT TRUE FOR PLANES IN FIRST MONTHS OF WAR BUT TRUE NOW) AND THAT DISPROPORTION OF IRAQI TO KURDISH CASUALTIES IS ACCURATE. WHERE KURDS HAVE TAKEN HEAVY CASUALTIES IS IN CIVILIAN POPULATION. BOTH DOCTOR IN PIRAMSHAHR AND MR. TAWFICK COMMENTED THAT CIVILIAN CASUALTIES MUCH HIGHER THAN IN PREVIOUS WAR. KURDS NOW HOLD SOME 200 IRAQI PRISONERS. CLAIM THESE ALL IN IRAQ AND WELL TREATED AS THEY ARE SHOWPIECE WHICH VISITING JOURNALISTS ARE INVITED SEE. ACCORDING ALL CONTACTS NO IRANIAN KURDS FIGHTING IN IRAQ AND BARZANI KURDS GAVE IMPRESSION IRANIAN KURDS WOULD NOT BE ACCEPTED.

11. CONCLUSION. THE WAR HAS CLEARLY ENTERED A MORE SERIOUS PHASE. THE IRAQIS MAY WELL NOT BE ABLE TO COMPLETE THEIR LINE BEFORE WINTER GROUNDS THEIR AIRCRAFT AND CONFINES THEIR TANKS TO THE ROADS. THE KURDS MIGHT BE ABLE TO TAKE BACK SOME OF THE PLACES THEY HAVE LOST BUT COULD PROBABLY NOT HOLD THEM NEXT SUMMER UNLESS THEY RECEIVED MAJOR QUANTITIES OF NEW EQUIPMENT. NEVERTHELESS, THE KURDS POINT OUT THAT THEY FOUGHT THE LAST WAR WITHOUT HAVING TRUCKED IN SUPPLIES AND THAT THEY WILL GO ON FIGHTING NO MATTER WHAT STRATEGIC POINTS ARE LOST OR HOW POOR THEIR EQUIPMENT IS. THEY SOUND LIKE THEY MEAN IT AND THEIR RECORD SUPPORTS THEM. THE QUESTION THEN MAY BECOME HOW LONG THE IRAQIS, EVEN WITH SOVIET SUPPORT, CAN TOLERATE THE WAR'S CONTINUATION.

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TAGS: PFOR IZ IR

SUBJECT: IRAQI-IRANIAN CONFLICT

REF: BAGHDAD 569

1. FOLLOWING IS TEXT OF UNOFFICIAL BRITISH TRANSLATION OF
MFA NOTE OF AUGUST 25 GIVEN TO HEADS OF DIPLOMATIC MISSIONS
IN BAGHDAD:

2. QUOTE: "MFA PRESENTS ITS COMPLIMENTS AND HAS HONOR TO

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INFORM THEM THAT, AT TIME WHEN IRAQ EXPRESSED ITS SINCERITY AND GOOD INTENTIONS BY ACCEPTING SECURITY COUNCIL RESOLUTION 348 OF 28 MAY 1974, AND HAD ACTUALLY COMMENCED NEGOTIATIONS IN ISTANBUL IN ORDER TO CARRY OUT WITHOUT DELAY THE RESOLUTION BY LAYING DOWN AN AGENDA TO DEAL WITH THE PROBLEMS OUTSTANDING BETWEEN IRAQI AND IRAN, AND AT A TIME DURING WHICH THE TWO DELEGATIONS ARE CONTINUING THEIR MEETINGS TO THIS END, AND IN VIOLATIONS OF PARAGRAPHS 1 AND 2 OF THE RESOLUTION WHICH REQUIRES THE STRICT OBSERVANCE OF THE CEASE-FIRE AND IMMEDIATE WITHDRAWAL OF ARMED FORCES, THE IRANIAN GOVERNMENT CONTINUED TO CONSOLIDATE ITS TROOP CONCENTRATIONS ALONG THE IRAQI/IRANIAN BORDER. ON THE 21ST OF THIS MONTH THESE AMOUNTED TO THREE ARMORED DIVISIONS, TWO INFANTRY DIVISIONS AND TWO INDEPENDENT INFANTRY BRIGADES FORMING A LARGE PROPORTION OF THE IRANIAN ARMY. IRAN HAS PLACED ALL THE AIR BASES OF FULL ALERT AND HAS ALERTED THE REMAINDER OF THE IRANIAN ARMY UNITS.

3. "AT 1635 HOURS ON THE 22ND OF THIS MONTH, IRANIAN AIRCRAFT VIOLATED IRAQI AIR-SPACE DEEP WITHIN THE RAWANDUS AREA AT SPEEDS OF 700 MPH. DURING THE NIGHT 23/24TH OF THIS MONTH, IRANIAN MILITARY UNITS, USING LIGHT WEAPONS SUPPORTED BY MORTARS, ATTACKED THE POLICE POST AT QAAQAA IN KHANAQIN DISTRICT. THE ATTACK WAS RESISTED BY THE IRAQI POLICE AND LED TO THE DEATH OF ONE IRAQI POLICEMAN AND THE WOUNDING OF OTHERS.

4. "IT IS CLEAR THAT THE IRANIAN MEASURES ARE INTENDED TO IMPEDE THE EFFORTS AIMED AT CARRYING OUT THE COUNCIL'S RESOLUTION AND THE RECOMMENDATIONS OF THE SECRETARY GENERAL'S REPRESENTATIVE, AND THAT THE IRANIAN GOVERNMENT ALONE BEARS THE RESPONSIBILITY FOR THE OUTCOME. END QUOTE.

5. COMMENT BY SEPTTEL. LOWRIE

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DOC_NUMBER: 86STATE258065

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E.O. 12356: N/A
TAGS: OPRC, XE, US
SUBJECT: AUGUST 15 EAP PRESS SUMMARY

FBIS -- ATTN: AG ONLY/CHINA

1. AUSTRALIA

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AP (WASHINGTON POST) REPORTS THE REAGAN ADMINISTRATION
CONTENDED THURSDAY THAT ITS BARGAIN-RATE SUGAR SALE TO
CHINA WILL NOT DISRUPT WORLD MARKETS OR THE SECURITY
RELATIONSHIP BETWEEN THE US AND AUSTRALIA -- A SUGAR
PRODUCING ALLY ALREADY ANGERED BY AMERICAN FARM
SUBSIDIES. IT NOTES WHITE HOUSE SPOKESMAN SPEAKES SAID
CHINA GAVE ASSURANCES THAT ITS PURCHASE OF 145,850 METRIC
TONS OF SUGAR FROM THE US WOULD NOT INTERFERE WITH ITS
ACQUISITIONS FROM OTHER NATIONS.

NEVERTHELESS, AP ADDS, AUSTRALIA'S HAWKE, AFTER HEARING
ABOUT THE SALE RENEWED HIS DENUNCIATIONS OF US FINANCIAL
SUPPORT FOR OVERSEAS COMMODITY SALES THAT COULD HURT
AUSTRALIAN FARMERS.

AP REPORTS CHINA BOUGHT THE SURPLUS CANE SUGAR FOR 15.3
MILLION DOLLARS, ABOUT 45 MILLION DOLLARS LESS THAN IT

COST THE USG TO BUY IT FROM AMERICAN PRODUCERS. IT
REPORTS HAWKE SAID US SUBSIDIES SUCH AS SUGAR SALE AND AN
EARLIER AGREEMENT TO SELL SUBSIDIZED WHEAT TO THE USSR
COULD AFFECT AUSTRALIAN WILLINGNESS TO BUY DEFENSE
EQUIPMENT AND TECHNOLOGY FROM THE US BUT WOULD NOT WEAKEN
HIS GOVERNMENT'S SUPPORT FOR THE DEFENSE FACILITIES THE 2
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COUNTRIES SHARE IN AUSTRALIA.

AP QUOTES DOS SPOKESMAN REDMAN AS SAYING THURSDAY: "PRIME
MINISTER HAWKE OF AUSTRALIA HAS STATED QUITE
CATEGORICALLY THERE WILL BE NO LINKAGE BETWEEN SECURITY
MATTERS AND COMMERCIAL MATTERS. AND THAT HAS BEEN OUR
POSITION AND PRINCIPLE AS WELL." IT ADDS SPEAKES SAID
THE SUGAR WAS SOLD FOR SO LITTLE BECAUSE IT HAD TO BE
DISPOSED OF BEFORE REAGAN ANNOUNCES THE NEW SUGAR QUOTA
ON DEC 15.

AP (WASHINGTON TIMES) REPORTS HAWKE THURSDAY BLASTED
REAGAN FOR USING POLITICAL EXPEDIENCY INSTEAD OF SOUND
ECONOMIC POLICY IN HIS DECISION TO SELL BARGAIN-RATE
SUGAR TO CHINA. "YOU SHOULDN'T SUBSIDIZE EXPORTS TO
COMMUNIST COUNTRIES. YOU SHOULDN'T, BY SUBSIDIZING
EXPORTS TO THEM, ALLOW THE RELIEF OF THEIR RESOURCES FROM
PEACEFUL TO NON-PEACEFUL PURPOSES," IT QUOTES HAWKE AS
SAYING IN A RADIO INTERVIEW. IT ADDS HAWKE SAID THE US
HAS NOT TRADITIONALLY BUCKED RELATIONS WITH US ALLIES IN
FAVOR OF TRADE WITH COMMUNIST NATIONS.

AP QUOTES REDMAN AS SAYING: "IT DOES NOT DISRUPT THE
NORMAL TRADE FLOW." IT ALSO CITES HIS STATEMENT ABOUT
HAWKE DENYING A LINKAGE BETWEEN SECURITY AND COMMERCIAL

MATTERS. IT QUOTES SPEAKERS REMARK ABOUT CHINESE ASSURANCES AND THE NECESSITY TO DISPOSE OF THE SUGAR BEFORE DEC 15, AND IT REPORTS HE ALSO STATED: "THE SALE TO CHINA REPRESENTS THE BEST RETURN THAT CAN BE ACCOMPLISHED FROM THE AVAILABLE MEANS."

AP REPORTS HAWKE SAID THE SUGAR AND WHEAT DEALS HURT HIS NATION'S FARM ECONOMY. IT NOTES HE POINTED OUT THAT AUSTRALIA IS A MAJOR SUPPLIER OF SUGAR TO CHINA AND HAD HAD HOPES OF INCREASING ITS SALES BECAUSE OF CROP SHORTAGES IN CUBA, CHINA'S CHIEF SUGAR SUPPLIER.

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AFP (CANBERRA) REPORTS HAWKE FRIDAY SAID HIS GOVERNMENT WOULD NOT INTRODUCE IMPORT QUOTAS TO RESCUE AUSTRALIA FROM ITS DETERIORATING TRADE POSITION, SAYING IN A TV INTERVIEW THAT AUSTRALIA WOULD NOT IMPROVE ITS NEGOTIATING POSITION IF IT STARTED DOING THINGS IT WAS ASKING OTHER COUNTRIES NOT TO DO. IT EXPLAINS HAWKE WAS

RESPONDING TO A CALL FROM HIS FELLOW ALP MEMBERS FOR NEW IMPORT BARRIERS TO STEM AUSTRALIA'S WORSENING TRADE DEFICIT IN THE BUDGET TO BE ANNOUNCED TUESDAY.

LAST MONTH, AFP NOTES, AUSTRALIA RECORDED ITS 2ND WORST TRADING FIGURES EVER, WITH A DEFICIT OF 935 MILLION DOLLARS.

AFP REPORTS HAWKE SUGGESTED THAT THE BEST WAY TO CURB IMPORTS AND HELP THE ECONOMY IS FOR CONSUMERS TO BUY AUSTRALIAN GOODS. IT SAYS HE ALSO REJECTED A CALL FROM SOME ALP MEMBERS FOR THE GOA TO CHARGE THE US RENT FOR JOINT DEFENSE FACILITIES IN THE COUNTRY. IT REPORTS HAWKE SAID THE GOA WOULD NOT USE THE JOINT FACILITIES AS A BARGAINING CHIP IN TRADE NEGOTIATIONS, DESPITE CONCERN AT THE US SUBSIDIZED COMMODITY SALES IN AUSTRALIA'S MARKETS. "WE ARE NOT GOING TO NEGOTIATE AWAY AUSTRALIA'S SECURITY," IT QUOTES HAWKE AS SAYING.

2. PACIFIC ISLANDS

THE NY TIMES (MAGAM, VANUATU 8/10) REPORTS A DRUM MORE THAN 15 FEET TALL HAS BEGUN A VOYAGE FROM THE REMOTE SOUTH PACIFIC ISLAND NATION OF VANUATU TO NYC. IT SAYS THE DRUM, CARVED FROM THE TRUNK OF HARDWOOD TREE AND

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ORNAMENTED WITH 5 SCULPTED FACES RISING LIKE A TOTEM POLE ABOVE ITS DRUMMING SURFACE WILL BE A GIFT FROM VANUATU TO THE UN COLLECTION OF INTERNATIONAL ART.

3. INDONESIA

REUTER'S CLIFT (JAKARTA) REPORTS SUHARTO TOLD INDONESIA'S 165 MILLION PEOPLE FRIDAY THAT THEY MUST MAKE SACRIFICES IN THE FACE OF THE SLUMP IN WORLD OIL PRICES. IT NOTES HE SAID INDONESIA, DEPENDENT ON OIL AND GAS EXPORTS FOR 70 PERCENT OF ITS FOREIGN EXCHANGE REVENUE, IS BRACING FOR "THE WORST POSSIBLE SITUATION" WHILE TRYING TO PUSH UP CRUDE OIL PRICES.

CLIFT SAYS SUHARTO, IN A WIDE-RANGING SPEECH TO PARLIAMENT MARKING INDONESIA'S INDEPENDENCE DAY, ALSO INDICATED THAT INDONESIA INTENDS TO PLAY A BIGGER INTERNATIONAL ROLE.

CLIFT REPORTS SUHARTO, AS INDONESIA HEADS TOWARD GENERAL ELECTIONS IN APR 1987, SPELLED OUT THE IMPROVEMENTS IN HEALTH, EDUCATION, AND ECONOMIC DEVELOPMENT THAT HAD TAKEN PLACE OVER THE PAST 40 YEARS. HE NOTES THE PRESIDENT SAID INDONESIA HAD ENJOYED A LONG PERIOD OF

POLITICAL STABILITY BUT, BECAUSE OF THE DRAMATIC SLIDE IN WORLD OIL PRICES, IT NOW FACES GREAT CHALLENGES. HE SAYS SUHARTO APPEALED FOR MORE EFFICIENCY AND PRODUCTIVITY AT WORK AND PROMISED GREATER GRASSROOTS IN INVOLVEMENT IN SOCIAL ORGANIZATIONS. HOWEVER, HE ADDS, SUHARTO IGNORED RECENT PUBLIC CRITICISM OF HIS MILITARY-BACKED RULE AND CALLS FOR THE WITHDRAWAL OF THE ARMED FORCES FROM POLITICS.

CLIFT QUOTES SUHARTO AS SAYING THAT ALL RANKS OF SOCIETY HAD TO BE PREPARED TO MAKE THE SACRIFICES NECESSARY "SO UNCLASSIFIED

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AS TO MAKE ADJUSTMENTS, IMPROVEMENTS, AND REFORMS IN ORDER TO GIVE THE CORRECT RESPONSE TO THE CHALLENGES WE FACE."

CLIFT REPORTS SUHARTO APPEALED FOR JOINT ACTION BY OPEC AND NON-OPEC OIL PRODUCERS TO HELP BOOST CRUDE OIL PRICES TOWARDS WHAT HE TERMED A "REASONABLE AND STABLE LEVEL," THOUGH HE DID NOT MENTION A TARGET FIGURE. HE NOTES SUHARTO WELCOMED OPEC'S AGREEMENT THIS MONTH TO REDUCE PRODUCTION LEVELS AND SAID HE HOPED THE ACCORD IS "SCRUPULOUSLY OBSERVED BY ALL OPEC MEMBERS."

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CLIFT REPORTS SUHARTO SAID INDONESIA WOULD PLAY A BIGGER INTERNATIONAL ROLE, PARTICULARLY IN SOUTHEAST ASIA AND THROUGH THE 101-MEMBER NON-ALIGNED MOVEMENT. HE NOTES SUHARTO STRONGLY CONDEMNED SOUTH AFRICA'S APARTHEID POLICIES, DESCRIBING THEM AS DESPICABLE.

CLIFT OBSERVES THAT SUHARTO MADE NO REFERENCE TO RECENT CRITICISM OF PARLIAMENT, WHICH HAS BEEN ATTACKED AS BEING SUPINE, INEFFECTIVE, AND UNDERREPRESENTATIVE.

REUTER'S CLIFT (JAKARTA), IN ANOTHER REPORT, SAYS INDONESIA'S ARMED FORCES CHIEF, GEN MURDANI, FRIDAY BRUSHED ASIDE CALLS FOR THE ARMY TO WITHDRAW FROM POLITICS. HE NOTES PUBLIC CRITICISM OF SUHARTO'S MILITARY-BACKED RULE HAS BEEN VOICED BY BOTH FORMER ARMY COLLEAGUES AND BY STUDENTS, WHO ATTACKED PARLIAMENT AS UNREPRESENTATIVES AND DEMANDED MORE OPEN GOVERNMENT.

IN AN APPARENT RESPONSE TO CRITICS OF THE ARMY'S INVOLVEMENT IN POLITICS, CLIFT REPORTS, GEN MURDANI WAS QUOTED FRIDAY AS SAYING THAT THE POLITICAL PARTICIPATION

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OF THE MILITARY WAS ONE OF THE PILLARS OF DEVELOPMENT AND WOULD NOT BE ABANDONED. HE NOTES, IN A SPEECH QUOTED BY THE ARMED FORCES NEWSPAPER "HARIAN AB," MURDANI SAID THE POLITICAL ROLE OF THE MILITARY IS BACKED BY THE CONSTITUTION, AND THE NEXT GENERATION OF OFFICERS SHOULD

NOT GIVE IT UP.

CLIFT NOTES THAT GEN TRY SUTRISNO, "INDONESIA'S RISING NEW ARMY COMMANDER," SAID BEFORE HIS INSTALLATION IN JUNE THAT THE GOVERNMENT IS NOT A MILITARY MONOPOLY AND THAT FUTURE LEADERS WOULD NOT NECESSARILY COME FROM THE ARMED FORCES. HE POINTS OUT, HOWEVER, THAT MOST OF THE INDONESIAN CABINET IS SERVING OR RETIRED MILITARY OFFICERS AND THAT THE ARMED FORCES HAVE 100 APPOINTED SEATS IN THE 460-MEMBER HOUSE OF REPRESENTATIVES.

CLIFT ALSO REPORTS THAT HOUSE SPEAKER AMIRMACHMUD, SPEAKING

BEFORE SUHARTO DID, ACCEPTED GROWING CRITICISM OF PARLIAMENT AS A HEALTHY SIGN OF POLITICAL DEVELOPMENT BUT LASHED OUT AT CRITICS SEEKING TO ESTABLISH A WESTERN-STYLE LIBERAL DEMOCRACY. "GROWING CRITICISM IS A SIGN OF INCREASING POLITICAL AWARENESS IN THE SOCIETY...THE PARLIAMENT MUST ACCEPT CRITICISMS WITH AN OPEN HEART AND A COOL HEAD," BUT A LIBERAL-STYLE DEMOCRACY WOULD NOT BE APPROPRIATE WHILE THE COUNTRY IS STILL STRUGGLING FOR DEVELOPMENT, HE QUOTES AMIRMACHMUD.

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AS SAYING.

4. CHINA

REUTER (BEIJING) NOTES FRIDAY XINHUA REPORTED 28-YEAR-OLD US CAMERAMAN DAVID SHIPPEE HAD DIED AUG 3 OF PNEUMONIA DURING A SINO-US EXPEDITION DOWN THE YANGTZE. IT REPORTS THE US CONSULATE IN BEIJING AS SAYING IT HAD NO DETAILS OF THE DEAD MAN OR OTHER AMERICANS WITH THE 27-MEMBER

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EXPEDITION, BUT IT CITED A XINHUA REPORT THAT 4 OTHER AMERICANS HAD WITHDRAWN FROM THE TRIP.

THE JOURNAL OF COMMERCE REPORTS THE ITC HAS CLEARED THE WAY FOR US ANTI-DUMPING DUTIES ON IMPORTS OF WAX CANDLES FROM CHINA, THE COMMISSION, BY 4-2, FINDING THAT THE CHINESE SHIPMENTS INJURE US WAX PRODUCERS.

HOWEVER, THE JOURNAL SAYS, ITC DISMISSED A COMPLAINT BY A GROUP OF US STEEL PRODUCERS THAT CHINA IS DUMPING CARBON STEEL PIPE AND TUBING IN THE US MARKET.

USA TODAY (BEIJING) REPORTS SHIPPEE HAD DIED FROM ALTITUDE SICKNESS, AND THAT THE REST OF THE GROUP CONTINUE THEIR 2,000-MILE EXPEDITION IN RUBBER RAFTS.

FRIDAY PRC SOURCES SAID SOVIET FIRST DEPUTY PRIME MINISTER TALZIN WILL HEAD A USSR DELEGATION TO CHINA EARLY NEXT MONTH, RETURNING A VISIT TO RUSSIA LAST YEAR

BY CHINESE VICE PREMIER YAO.

CHURCH BELLS RANG IN THE CAPITAL FRIDAY AFTER 28 YEARS OF SILENCE, REUTER (BEIJING) REPORTS, AS MORE THAN 6,000 CATHOLICS GATHERED FOR WORSHIP IN 3 CITY CHURCHES, ACCORDING TO XINHUA.

THE BOSTON GLOBE (BEIJING) REPORTS THURSDAY THE GOVERNMENT ANNOUNCED A SERIES OF MONETARY CHANGES TO SPEED UP DEVELOPMENT TOWARD A CREDIT ECONOMY AND SAID IT WILL ALLOW THE ISSUANCE OF BONDS TO FINANCE CONSTRUCTION OF A KEY STATE PROJECT, ACCORDING TO XINHUA.

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THE JOURNAL OF COMMERCE'S BECKER (SHENYANG) REPORTS THE

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CENTRAL BANK OF CHINA HAS PROPOSED A NEW PROFIT-ORIENTED BANK AS PART OF WIDESPREAD REFORM OF THE FINANCIAL SYSTEM. TO BE CALLED THE "COMMUNICATIONS BANK" AND BASED IN SHANGHAI, HE SAYS, IT COULD BE ESTABLISHED BY THE END OF THIS YEAR, A SENIOR OFFICIAL TOLD THE JOURNAL.

BECKER SAYS IN A SIGNIFICANT DEPARTURE FROM PRACTICE, EACH BRANCH WILL BE ALLOWED TO OPERATE INDEPENDENTLY INSTEAD OF BEING ADMINISTERED FROM THE CENTER, ACCORDING TO THE VICE PRESIDENT OF THE SHENYANG BRANCH OF THE PEOPLE'S BANK OF CHINA.

BECKER SAYS THE PEOPLE'S BANK IS PUSHING AHEAD WITH EFFORTS TO CREATE A MORE CAPITALIST-STYLE FINANCIAL SYSTEM -- INTEREST RATES ON DEPOSITS HAVE BEEN RAISED, FOREIGN CURRENCY WITHDRAWALS SANCTIONED AND OTHER STEPS SUCH AS BOND ISSUES TAKEN TO BOOST DEPOSITS AND MAKE USE OF PRIVATE SAVINGS.

5. KOREA

THE CHICAGO TRIBUNE RUNS AN AP PHOTO OF UNIFORMED POLICE PREVENTING DISSIDENTS FROM ATTENDING A THURSDAY RALLY AT "NKDP" HQ IN SEOUL.

REUTER'S OH (SEOUL) NOTES CHUN CALLED ON NK, IN HIS FRIDAY "INDEPENDENCE DAY" SPEECH, TO COMPLETE THE PENINSULA'S LIBERATION FROM JAPANESE COLONIAL RULE BY REOPENING TALKS ON REUNITING THE 2 COUNTRIES. ACCORDING TO OH, CHUN SAID: "IN PURSUING UNIFICATION, WE MUST NOT FAIL TO ADHERE TO THE PRINCIPLE THAT IT MUST BE ACCOMPLISHED BY THE KOREAN PEOPLE FOR THE KOREAN PEOPLE. THE RIGHT WAY TO ACHIEVE THAT GOAL IS THROUGH PEACEFUL MEANS."

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ACCORDING TO OH, THE NKDP RESPONDED TO CHUN'S COMMENTS, SAYING THE ROK SHOULD FIRST BE "DEMOCRATIZED IN ORDER TO TAKE THE INITIATIVE IN REALIZING A PEACEFUL TRANSITION OF THE WHOLE KOREAN NATION."

REUTER (SEOUL) STATES THAT FRIDAY POLICE ARRESTED SOME 130 OF NEARLY 600 STUDENTS WHO STAGED AN OVERNIGHT SIT-IN AT "HANYANG UNIVERSITY" DEMANDING CHUN'S RESIGNATION AND AN END TO US SUPPORT FOR HIM, A POLICE SPOKESMAN SAID. IT REPORTS WITNESSES SAYING THOUSANDS OF RIOT POLICE SPREAD OUT THROUGHOUT SEOUL TO PREVENT STUDENTS FROM ENTERING SEVERAL UNIVERSITIES.

THIRTEEN STUDENTS WERE ARRESTED THURSDAY AT THE JESUIT

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"SOGANG UNIVERSITY" AFTER HURLING ROCKS AND MOLOTOV COCKTAILS AT RIOT POLICE, SAYS REUTER.

THE WASHINGTON TIMES' BREEN (SEOUL) WRITES THAT KIM DAE-JUNG THURSDAY CHARGED CHUN IS RESPONSIBLE FOR THE EMERGENCE OF ANTI-AMERICANISM IN THE ROK.

KIM SAID: "WE DEMOCRATIC DISSIDENTS, UNLIKE CHUN'S PEOPLE, ARE THE REAL FRIENDS OF AMERICA," NOTES BREEN, WHO ADDS THAT ANTI-AMERICAN SENTIMENT HAS BECOME WIDESPREAD AMONG INTELLECTUALS, PARTICULARLY STUDENTS, DURING CHUN'S 6 YEARS IN POWER.

ACCORDING TO BREEN, STUDENT RADICALS CALLING FOR THE EXPULSION OF US TROOPS AND CAPITAL FROM KOREA ARE A SMALL MINORITY. HE QUOTES KIM AS SAYING: "IF WE FAIL TO RESTORE DEMOCRACY IN THE NEXT YEAR... THERE WILL BE AN EXPLOSION OF ANTI-AMERICAN FEELING."

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KIM HAS PROPOSED, IN HIS FIRST PUBLIC STATEMENT ON THE SUBJECT, TO MEET WITH CHUN TO COMPROMISE AND DISCUSS CONSTITUTIONAL CHANGE, WRITES BREEN.

6. VIETNAM/MIA'S

THE NY TIMES' WEINRAUB, THE WASHINGTON TIMES' O'LEARY, THE CHICAGO TRIBUNE, THE WALL STREET JOURNAL; USA TODAY'S CRAWLEY AND NEUMAN (ATLANTA); AND THE WASHINGTON POST'S BRANIGIN (ALSO IN NEWSDAY), UPI (PHILADELPHIA INQUIRER AND BOSTON GLOBE), THE LA TIMES' WILLIAMS, THE NY TIMES, AND THE BALTIMORE SUN (ALL BANGKOK) REPORT ON THE RELEASE BY VIETNAM OF ROBERT SCHWAB III, MISSING SINCE HE SET SAIL FROM THE PHILIPPINES 16 MONTHS AGO.

WEINRAUB REPORTS THE WHITE HOUSE ANNOUNCED THURSDAY THAT VIETNAM HAD RELEASED SCHWAB, WHO WAS ATTEMPTING TO BRING A VIETNAMESE WOMAN OUT OF VIETNAM. HE QUOTES WH SPOKESMAN SPEAKES AS SAYING SCHWAB ARRIVED THURSDAY IN BANGKOK, WHERE HE WILL UNDERGO MEDICAL TESTS. HE ADDS IT WAS UNCLEAR WHEN SCHWAB WILL RETURN TO THE US.

WEINRAUB QUOTES SCHWAB'S FATHER AS SAYING "I'M OVERJOYED." HE REPORTS THE SENIOR SCHWAB RECEIVED A PHONE CALL FROM HIS SON AT 3 AM THURSDAY; "BEFORE THAT, WE THOUGHT HE WAS DEAD," HE QUOTES SCHWAB'S FATHER AS SAYING.

WEINRAUB REPORTS SCHWAB, A VIETNAM WAR VETERAN DESCRIBED

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Date Printed: 10/23/1996

DOC NUMBER: 86STATE258065

CHANNEL: n/a

AS "AN INTELLECT, A SPORTSMAN, AND ADVENTURER, AND AN AUTHOR" WHO WAS "DEEPLY INVOLVED IN VIETNAM AND THAILAND" THROUGH THE 70'S AND 80'S, SAILED FOR VIETNAM FROM THE PHILIPPINES IN APRIL 1985, ACCORDING TO HIS FATHER AND AUNT, TO BRING OUT A VIETNAMESE WOMAN NAMED MAI AND COMPLETE RESEARCH ON A BOOK ABOUT VIETNAM. HE NOTES THE UNCLASSIFIED

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AUNT, NANN PENDERGAST, SAID THE FAMILY KNEW NOTHING ABOUT THE CAREFULLY PREPARED TRIP FOR MORE THAN 2 MONTHS UNTIL THEY RECEIVED A 60-PAGE DIARY FROM A PHILIPPINE FRIEND OF SCHWAB, WHO WAS TOLD TO SEND THE DIARY TO HIS FAMILY IF HE HADN'T RETURNED IN 2 MONTHS, IN JULY 1985.

WEINRAUB SAYS THERE WAS NO WORD THURSDAY FROM WHITE HOUSE OFFICIALS ON THE FATE OF THE VIETNAMESE WOMAN. HE QUOTES SPEAKES AS SAYING DETAILS ABOUT HER ARE "A PRIVATE MATTER." HE NOTES PENDERGAST SAID THE WOMAN "WAS NOT HIS GIRLFRIEND. IN FACT, SHE WAS MUCH YOUNGER THAN HE WAS. BUT THEY HAD KEPT UP A CORRESPONDENCE OVER THE YEARS."

WEINRAUB REPORTS US OFFICIALS HAD BEEN NOTIFIED BY SCHWAB'S FAMILY IN JUNE 1985 THAT HE WAS MISSING, AND HE QUOTES SPEAKES AS SAYING THAT "NORMAL SEARCH AND RESCUE EFFORTS WERE FRUITLESS, AS WERE INQUIRIES TO GOVERNMENTS IN THE REGION BY THE DEPARTMENT OF STATE."

WEINRAUB NOTES THE WHITE HOUSE SAID THAT, "GIVEN THE PRESIDENT'S STRONG INTEREST IN ALL MISSING AMERICANS," NSC ASIAN AFFAIRS DIRECTOR CHILDRESS WAS ORDERED TO PURSUE THE CASE WITH VIETNAMESE OFFICIALS IN HANOI AND NEW YORK, AND CHILDRESS DID SO FOR NEARLY A YEAR, ACCORDING TO SPEAKES. HE QUOTES ANOTHER WHITE HOUSE SPOKESMAN, DAN HOWARD, AS SAYING: "NOBODY ELSE THOUGHT HE WAS ALIVE. THE GENERAL ASSUMPTION WAS THAT HE WAS AT THE BOTTOM OF THE SOUTH CHINA SEA, AND WE KEPT FOLLOWING UP AND KEPT FOLLOWING UP. GOT THE MAN BACK." HE NOTES HOWARD SAID SCHWAB "CAME OUT ALONE" FROM HO CHI MINH CITY

WITHOUT THE WOMAN AND WAS ACCOMPANIED BY CHILDRESS. HE SAYS THERE WERE NO DETAILS ABOUT WHERE SCHWAB HAD BEEN UNCLASSIFIED

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DETAINED NOR HOW THE VIETNAMESE HAD TREATED HIM.

WEINRAUB NOTES THE LEAGUE OF FAMILIES' ANN GRIFFITHS INDICATED THAT SCHWAB WORKED FOR THE LEAGUE IN THE LATE

Date Printed: 10/23/1996

DOC_NUMBER: 86STATE258065

CHANNEL: n/a

'70'S AND ALSO WORKED FOR SEVERAL RELIEF AGENCIES AFTER SERVING 2 TOURS OF DUTY IN VIETNAM.

THE NY TIMES' BANGKOK ITEM REPORTS, ACCORDING TO THE VIETNAMESE GOVERNMENT, SCHWAB CONFESSED TO VIOLATING VIETNAM'S CRIMINAL CODE AND WAS RELEASED ONLY AFTER VOWING NEVER TO REPEAT THE CRIME. UNTIL THURSDAY, IT ADDS, VIETNAM HAD NEVER PUBLICLY ACKNOWLEDGED THAT HE WAS IN CUSTODY.

THE TIMES ALSO NOTES THAT A TEAM OF US MILITARY OFFICERS FROM THE JCRC IS IN HANOI FOR TECHNICAL TALKS WITH THE VIETNAMESE ON FURTHER SEARCHES FOR REMAINS OF MIA'S. IT SAYS IT IS NOT CLEAR WHETHER THE RELEASE WAS TIMED TO COINCIDE WITH THEIR VISIT.

THE TIMES ALSO QUOTES ALAN DAWSON, WHO WAS UPI'S BANGKOK BUREAU CHIEF IN 1975, AS SAYING THAT SCHWAB WAS A HERO OF THE 1975 RUSHED EVACUATION OF SAIGON; "HE AND SOME FRIENDS HELPED GET OUT THOUSANDS OF PEOPLE WHEN THE AMBASSADOR WAS STILL REFUSING PERMISSION TO EVACUATE," IT NOTES UPI QUOTED DAWSON AS SAYING.

BRANIGIN SAYS SCHWAB IS A FORMER GREEN BERET WHO SAILED BACK TO VIETNAM TO RETRIEVE HIS GIRLFRIEND AND HER CHILD AND WAS OBSESSED FOR A DECADE BY THE LOVE HE LEFT BEHIND. HE NOTES THE OFFICIAL "VOICE OF VIETNAM" RADIO REVEALED SCHWAB'S FATE PUBLICLY FOR THE FIRST TIME THURSDAY, SAYING HE HAD BEEN ARRESTED APRIL 23, 1985 IN NGHIA BINH PROVINCE, SOUTH OF DA NANG, AND CHARGED WITH VIOLATING VIETNAM'S SOVEREIGNTY AND SECURITY.

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IN WASHINGTON, THE POST INSERTS, SPEAKES INDICATED THAT VIETNAMESE OFFICIALS INFORMED CHILDRESS IN LATE MAY THAT SCHWAB WAS IN THE CUSTODY OF LOCAL AUTHORITIES IN SOUTHERN VIETNAM; IT ADDS SPEAKES SAID THE USG HAD LEARNED SCHWAB WAS MISSING FROM HIS FAMILY IN JUNE 1985 AND HAD RAISED THE MATTER WITH THE VIETNAMESE THE FOLLOWING MONTH. "THE PRESIDENT IS PLEASED THAT MR SCHWAB HAS BEEN RELEASED, AND WE ARE GRATIFIED THAT THE GOVERNMENT OF VIETNAM HAS WORKED WITH US IN EFFECTING HIS RETURN TO THE US."

BRANIGIN REPORTS CHILDRESS, REACHED AT HIS HOTEL IN BANGKOK, CONFIRMED THAT SCHWAB HAD COME OUT ALONE BUT DECLINED TO COMMENT FURTHER.

BRANIGIN QUOTES ALAN DAWSON, WHOM HE SAYS KNEW SCHWAB

WELL, AS SAYING THAT SCHWAB'S POINT IN MAKING THE TRIP WAS THAT HE WAS GOING TO BE CAPTURED. HE EXPECTED THAT. BUT HE ALSO HOPED THAT AFTER THE VIETNAMESE DETERMINED IT WAS A VOYAGE OF LOVE, THEY WOULD KICK HIM OUT WITH HIS GIRLFRIEND AND THE CHILD. HE HAD NO ILLUSIONS HE WAS GOING TO RESCUE HER AND PUT HER ON A BOAT TO PALAWAN."

BRANIGIN ALSO QUOTES DAWSON AS SAYING SCHWAB, ALONG WITH ABOUT HALF A DOZEN US EMBASSY SAIGON AND CIA OFFICIALS, WAS INVOLVED IN PRIVATELY HELPING THOUSANDS LEAVE VIETNAM AT THE TIME AMB MARTIN WAS RESISTING AN EVACUATION, FORCING SCHWAB AND THE OTHERS TO WORK BEHIND HIS BACK. IN THE CONFUSION, HE REPORTS DAWSON SAID, ONE PERSON SCHWAB FAILED TO EVACUATE WAS HIS GIRLFRIEND. HE NOTES FRIENDS SAID IT WAS UNCLEAR WHETHER SCHWAB WAS THE FATHER OF THE CHILD HE WAS TRYING TO RESCUE.

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ACCORDING TO BRANIGIN, AFTER THE WAR, SCHWAB MOVED TO THAILAND, WHERE HE MADE CONTACTS WITH RESISTANCE GROUPS BATTLING THE COMMUNIST TAKEOVER OF LAOS. IN THE LATE 1970'S, HE MADE LENGTHY BUT UNSUCCESSFUL FORAYS INTO SOUTHERN LAOS TO SEARCH FOR AMERICAN POW'S HE WAS CONVINCED WERE STILL BEING HELD, AND HE ALSO SEARCHED FOR REMAINS OF MIA'S AND MANAGED TO RECOVER SOME BONE FRAGMENTS FROM LAOS. DURING ONE OF THE FORAYS INTO LAOS, THE GROUP REPORTEDLY WAS AMBUSHED BY COMMUNIST GOVERNMENT FORCES AND A FEW LAO IN HIS GROUP WERE KILLED, BRANIGIN SAYS.

BRANIGIN STATES THAT SCHWAB, ACTING AS A PAID CONSULTANT FOR AN ABC TV NEWS TEAM, WAS ALSO INSTRUMENTAL IN OBTAINING FOR THE NETWORK A LEAF SAMPLE THAT WAS LATER FOUND TO CONTAIN TRACES OF A TOXIC SUBSTANCE.

THE BALTIMORE SUN REPORTS FRIENDS SAID TRAI, THE PSEUDONYM SCHWAB USED FOR HIS FIANCEE, WAS A TEEN-AGER WHEN SCHWAB MET HER, FROM A FAMILY THAT HAD LOST ITS WEALTH IN THE WAR; HE APPARENTLY WAS UNABLE TO TAKE TRAI'S FAMILY OUT AND WAS EVACUATED FROM THE ROOF OF THE US EMBASSY IN SAIGON AS THE CITY WAS FALLING, IT SAYS. AFTER THE WAR, IN ADDITION TO ACTIVITIES IN THAILAND DESCRIBED ABOVE, SCHWAB ALSO WORKED ON A PROJECT TO ERADICATE OPIUM, ACCORDING TO THE SUN.

UPI NOTES RADIO HANOI SAID SCHWAB CONFESSED TO VIOLATING VIETNAM'S TERRITORIAL WATERS AND PROMISED NOT TO REPEAT THE CRIME; IT ALSO SAID SCHWAB HAD BEEN FINED AND HAD "EXPRESSED GRATITUDE TO THE HUMANITARIAN AND LENIENT POLICY OF THE VIETNAMESE GOVERNMENT AND PEOPLE."

UPI SAYS IT WAS UNCLEAR WHETHER THE WOMAN SCHWAB SOUGHT WAS HIS GIRLFRIEND OR A MEMBER OF A FAMILY HE HAD BEFRIENDED. IT QUOTES MEMBERS OF HIS FAMILY AS UNCLASSIFIED

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SUGGESTING HE MIGHT HAVE BEEN TRYING TO BRING A NIECE OF THE WOMAN.

UPI REPORTS SCHWAB, IN COMMENTS THURSDAY, SAID: "I FEEL GOOD. IT'S NOT A GREAT STORY. REALLY, THE SAILING WAS THE ONLY GOOD PART. HE (CHILDRESS) IS THE ONE WHO CAME FROM A DIFFERENT TIME ZONE AND DID ALL THE WORK." IT NOTES CHILDRESS SAID NO INFORMATION WOULD BE RELEASED BEFORE A NEWS CONFERENCE SCHEDULED FOR FRIDAY AFTERNOON.

UPI REPORTS SPEAKES SAID THE USG LEARNED SCHWAB WAS IN VIETNAMESE CUSTODY IN LATE MAY AFTER "UNUSUALLY INTENSE" EFFORTS TO FIND HIM. IT SAYS VIETNAMESE OFFICIALS HAD PREVIOUSLY TOLD REPORTERS THEY HAD NO KNOWLEDGE OF SCHWAB. IT QUOTES HIS FATHER AS SAYING THAT HIS SON TOLD HIM BY TELEPHONE: "THEY TRIED TO MAKE ME OVER A LITTLE MENTALLY, BUT I WASN'T TORTURED OR ANYTHING."

UPI ALSO REPORTS THAT FRIENDS OF SCHWAB SAID HE HAD TOLD THEM THAT HE LEARNED IN 1981 THAT TRAI HAD SUFFERED A NERVOUS BREAKDOWN AND HAD BEEN JAILED TWICE FOR ATTEMPTED ESCAPES BY BOAT. IT SAYS HE WROTE THAT HE REESTABLISHED CONTACT WITH HER BY MAIL AND DECIDED TO TRY TO RESCUE HER.

THE WASHINGTON TIMES' O'LEARY SAYS, ACCORDING TO A GOVERNMENT OFFICIAL, THE WHITE HOUSE INITIALLY WAS INFORMED OF SCHWAB'S PLIGHT BY RICHARD HELMS, THE FORMER CIA DIRECTOR, WHO WAS A CLASSMATE OF SCHWAB'S FATHER.

7. INDONESIA/JAPAN

AP (JOURNAL OF COMMERCE JAKARTA) REPORTS A JAPANESE TRADE OFFICIAL HAS TOLD INDONESIAN BUSINESSMEN THAT JAPANESE UNCLASSIFIED

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INVESTORS CONSIDER INDONESIA THE LEAST ATTRACTIVE PLACE FOR INVESTMENT IN ASEAN, "ANTARA" SAID. IT NOTES WOLFOWITZ ALSO URGED INDONESIA TO ADOPT GLOBAL COPYRIGHT STANDARDS.

8. JAPAN

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Date Printed: 10/23/1996

DOC_NUMBER: 86STATE258065

CHANNEL: n/a

REUTER (LA TIMES TOKYO) NOTES THAT THURSDAY "NIHON KEIZAI" SAID ITS TEHRAN CORRESPONDENT, HAYASHI, HAS BEEN EXPELLED BY IRAN AFTER ONLY 5 MONTHS IN THE COUNTRY. ACCORDING TO REUTER, THE PAPER SAID NO REASON WAS GIVEN FOR THE EXPULSION.

REUTER (TOKYO) NOTES ENGINEERS FOUND A MAJOR FAULT ON A NEW "BOEING" 767 JET WHICH THE MANUFACTURER LATER REPAIRED, "ALL NIPPON AIRWAYS" REPORTED FRIDAY. TWELVE-FOOT-LONG FITTINGS, WHICH WERE INSTALLED AT A SLIGHT SLANT, COULD HAVE CAUSED METAL FATIGUE AFTER REPEATED FLIGHTS, SAYS REUTER.

UPI'S SCHWEISBERG (PHILADELPHIA INQUIRER TOKYO) SAYS THE US, JAPAN AND THE USSR THURSDAY NIGHT AGREED TO INAUGURATE AN AVIATION SAFETY SYSTEM IN THE NORTH PACIFIC. THE KEY COMPONENT, ACCORDING TO SCHWEISBERG, WILL BE A 24HOUR TELEPHONE HOTLINE AMONG THE AIR CONTROL CENTERS IN ANCHORAGE, TOKYO AND Khabarovsk. JAPANESE TRANSPORTATION MINISTRY OFFICIALS SAID THE HOTLINE OPENED AT MIDNIGHT WHEN TOKYO PHONED ITS SOVIET AND AMERICAN COUNTERPARTS, SAYS SCHWEISBERG.

THE WASHINGTON TIMES' NEILAN (TOKYO) WRITES THAT DEFENSE AGENCY DIRECTOR-GENERAL YUKO WILL BE BRINGING A SPECIAL GIFT TO THE US 9/2: JAPAN'S AGREEMENT TO PARTICIPATE IN REAGAN'S SDI. THAT, ACCORDING TO NEILAN, IS THE CONSENSUS OF SPECULATION IN TOKYO AS CABINET COMMITTEES ENTER A FINAL ROUND OF DISCUSSION ON SDI. HE REPORTS A

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"MAINICHI" NEWS ANALYSIS SAID THURSDAY AN INCREASING NUMBER OF HIGH TECH FIRMS ARE TAKING A CAUTIOUS ATTITUDE TOWARD PARTICIPATION SINCE THE TECHNOLOGY IS TO BE OWNED BY THE US' DOD.

REUTER (PHILADELPHIA INQUIRER) WRITES THAT A SENIOR COMMERCE DEPT OFFICIAL, UNDERSECRETARY FOR INTERNATIONAL TRADE SMART, WILL LEAVE FOR TOKYO FRIDAY IN A NEW EFFORT TO PRY OPEN JAPANESE MARKETS TO US FIRMS AND ALSO TO SLOW JAPANESE MACHINE-TOOL EXPORTS TO THE US. SMART SAID HE WOULD TRY TO FORCE OPEN BIDDING FOR CONSTRUCTION OF THE NEW "KANSAI" AIRPORT, SAYS REUTER.

AT A NEWS CONFERENCE, SMART ADDED THAT IF NO VOLUNTARY AGREEMENT WAS REACHED ON MACHINE-TOOLS BY MID-NOVEMBER, REAGAN WAS LIKELY TO TAKE RETALIATORY ACTION, PROBABLY BY IMPOSING IMPORT QUOTAS, WRITES REUTER.

THE LA TIMES' JAMESON AND REUTER (BOTH TOKYO) REPORT

Date Printed: 10/23/1996

DOC_NUMBER: 86STATE258065

CHANNEL: n/a

NAKASONE, HEEDING PROTESTS FROM CHINA AND THE ROK WILL

FORGO A FRIDAY VISIT TO A SHINTO TO PAY RESPECTS TO JAPAN'S WAR DEAD, WHICH NUMBERED MORE THAN 3 MILLION SERVICEMEN AND CIVILIANS IN WW 2.

ACCORDING TO JAMESON, CHIEF CABINET SECRETARY GOTODA ANNOUNCED THE DECISION THURSDAY, SAYING IT WAS TAKEN IN "CONSIDERATION OF THE FEELINGS OF THE PEOPLES OF NEIGHBORING COUNTRIES."

MOST OF THE MEMBERS OF NAKASONE'S CABINET VISITED THE SHRINE FRIDAY, ACCORDING TO REUTER. IT SAYS GOTODA TOLD THE MINISTERS ATTENDANCE WAS AN INDIVIDUAL CHOICE.

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9. PHILIPPINES/TAIWAN/INDONESIA/AUSTRALIA/NEW ZEALAND/FIJI

REUTER'S GIACOMO REPORTS SFRC CHAIRMAN LUGAR (R-IND) WILL LEAVE SATURDAY ON A 2-WEEK ASIAN TRIP MEANT TO REAFFIRM US INTERESTS IN THE PACIFIC. SHE QUOTES A PREPARED DEPARTURE STATEMENT AS SAYING: "AMERICAN FOREIGN POLICY IS AT A CRITICAL JUNCTURE IN THE PACIFIC. THE REBIRTH OF DEMOCRACY IN THE PHILIPPINES, THE DANGER OF A TRADE WAR, AND INCREASED SOVIET MILITARY AND DIPLOMATIC INITIATIVES (IN THE REGION) REQUIRE REASONED AMERICAN ACTION."

AFTER STOPPING BRIEFLY IN JAPAN, GIACOMO REPORTS, LUGAR IS SCHEDULED TO ARRIVE IN MANILA MONDAY. AFTERWARDS, SHE NOTES, HE WILL TRAVEL TO TAIWAN, INDONESIA, AUSTRALIA, NEW ZEALAND, AND FIJI.

GIACOMO REPORTS LUGAR, IN AN INTERVIEW, SAID HE EXPECTS TO DISCUSS WITH AQUINO HER SEPTEMBER VISIT TO WASHINGTON AND TO STRESS THE IMPORTANCE OF QUICK APPROVAL OF NEW CONSTITUTION AND EARLY LEGISLATIVE AND LOCAL ELECTIONS; "THIS WILL BE VERY IMPORTANT TO BRING THAT SENSE OF LEGITIMACY AND CONSTITUTIONALITY TO THE NATIONAL LOCAL GOVERNMENT OF THE PHILIPPINES," HE SAID. SHE ADDS THE SENATOR STATED THAT WHILE US AND OTHER FOREIGN INVESTORS ARE INTERESTED IN THE PHILIPPINES, THEY HAVE EXPRESSED "AN UNHAPPY WAIT-AND-SEE FEELING ABOUT HOW THE GOVERNMENT WOULD COPE WITH THE POST ELECTION SITUATION. (MANILA) REALLY NEEDS TO HAVE THE CONSTITUTIONAL CONVENTION COMPLETED AND MOVE ON TOWARD ELECTIONS THAT SHOW THAT IN THEIR REGIME IT IS POSSIBLE TO HAVE FREE AND FAIR ELECTIONS, IT IS POSSIBLE TO HAVE PEOPLE WHO MORE CLEARLY REPRESENT THE WILL OF ALL SEGMENTS OF PHILIPPINE SOCIETY. I'M CONFIDENT THAT'S GOING TO OCCUR." LUGAR

SAID.
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GIACOMO ALSO QUOTES LUGAR, WHOM SHE SAYS HAS BECOME A STRONG ADVOCATE FOR THE PHILIPPINES, AS SAYING: "THE PHILIPPINES MUST BE AT THE CENTER STAGE OF AMERICAN FOREIGN POLICY...THERE WILL BE A GREAT DEAL MORE THOUGHTFULNESS ABOUT THIS RELATIONSHIP."

GIACOMO REPORTS LUGAR WILL ALSO MEET WITH AUSTRALIA'S HAWKE AND NEW ZEALAND'S LANGE AT A TIME OF STRAIN BETWEEN BOTH COUNTRIES AND THE US. SHE CITES THE RECENT US ACTION REGARDING ANZUS AND NZ AND THE US SUBSIDIZED SALES OF GRAIN AND SUGAR TO THE USSR AND PRC, RESPECTIVELY. SHE QUOTES LUGAR AS SAYING THAT THE AUSTRALIAN AMBASSADOR ASKED HIM TO MAKE SOME UNPLANNED PUBLIC APPEARANCES WHILE IN SYDNEY IN AN EFFORT TO ASSURE AUSTRALIANS THAT THE FRIENDSHIP AND ALLIANCE BETWEEN THE 2 COUNTRIES IS STEADFAST. SHE NOTES HE ALSO SAID THAT HAWKE CALLED HIM LAST WEEK TO COMPLAIN THAT AT A TIME WHEN AUSTRALIA IS TRYING TO OFFSET SOVIET OVERTURES IN THE PACIFIC BY URGING NEIGHBORING ISLANDS TO SUPPORT THE US, REAGAN OFFERED DISCOUNT WHEAT TO THE USSR.

GIACOMO REPORTS LUGAR SAID HE WOULD "TELL THE AUSTRALIANS THAT WE APPRECIATE THEIR ADVOCACY ON OUR BEHALF WITH REGARDS TO THE STABILIZATION OF THE PACIFIC" AND WOULD ALSO PRESS HIS PROPSAL THAT WESTERN AGRICULTURAL-PRODUCING COUNTRIES MEET TO WORK OUT ANON-SUBSIDY POLICY FOR EXPORTS; "YOU DON'T KNOW WHAT HAVOC CAN BE CREATED IF YOU GET INTO A FREE FALL WITH COMMODITIES. PROTECTIONISM AND SUBSIDY WARS NOT ONLY THREATEN OUR ECONOMIES, BUT ALSO OUR MUTUAL SECURITY," SHE QUOTES LUGAR AS SAYING.

10. PHILIPPINES
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REUTER (MANILA) REPORTS THE US EMBASSY THERE ANNOUNCED FRIDAY THAT LUGAR WILL ARRIVE MONDAY FOR A 3-DAY VISIT INCLUDING MEETINGS WITH AQUINO, LAUREL, ENRILE, AND RAMOS AS WELL AS A VISIT TO IMPOVERISHED NEGROS OCCIDENTAL PROVINCE. IT NOTES THAT CONGRESS IS STILL CONSIDERING AN AID PACKAGE FOR THE PHILIPPINES WHICH HAS BEEN HELD UP BY DEBATE OVER HOW MUCH TO ADD TO THE ORIGINAL SUM REQUESTED

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BY REAGAN AND BY AMENDMENTS COVERING PHILIPPINE SUGAR
EXPORTS TO THE US.

AP (NY TIMES), THE LA TIMES' FINEMAN (ALSO IN THE BOSTON GLOBE AND PHILADELPHIA INQUIRER), THE WASHINGTON POST, THE WASHINGTON TIMES (ALL MANILA), THE BALTIMORE SUN, AND NEWSDAY REPORT ENRILE ASSERTED THURSDAY THAT THE MILITARY HAD UNCOVERED A PLOT BY MARCOS SUPPORTERS TO KIDNAP AQUINO AND 44 CIVILIAN AND MILITARY LEADERS, INCLUDING VP

LAUREL, GEN RAMOS, AND ENRILE HIMSELF AND TO RESTORE MARCOS TO POWER (SEE THE AUG 14 EAP PRESS SUMMARY).

FINEMAN REPORTS ENRILE SAID THE PLOTTERS PLANNED TO MOVE EITHER BEFORE OR DURING AQUINO'S TRIP TO THE US NEXT MONTH. HE NOTES THERE HAVE BEEN A SPATE OF RUMORS THAT ENRILE HIMSELF IS PLOTTING A COUP AGAINST AQUINO, BUT HE REPORTS ENRILE THURSDAY INSISTED THAT NEITHER HE NOR HIS SUPPORTERS IN THE MILITARY WILL SUPPORT ANY PLOT AGAINST THE GOVERNMENT; "LET THERE BE NO DOUBT IN THE MINDS OF OUR PEOPLE THAT THE DEFENSE MINISTRY AND THE ARMED FORCES OF THE PHILIPPINES SHALL FIRMLY UPHOLD THE AUTHORITY OF THE PRESENT GOVERNMENT AT ALL TIMES. WE SHALL CHALLENGE ANY ATTEMPTS, BE THEY FROM LEFTIST OR RIGHTIST QUARTERS, TO OVERTHROW THE GOVERNMENT BY FORCE."

ACCORDING TO FINEMAN, SOME GOP SOURCES SAID ENRILE'S SPEECH THURSDAY SEEMED TO BE AN EFFORT TO JUSTIFY HIS
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REFUSAL TO JOIN AQUINO ON HER TRIP TO THE US. HE SAYS THE PRESIDENT ASKED ENRILE TO ACCOMPANY HER TO SAN FRANCISCO, BOSTON, NEW YORK, AND WASHINGTON, BUT HE DECLINED. HE QUOTES AIDES TO ENRILE AS SAYING THE DEFENSE MINISTER TOLD HER THERE IS NO NEED FOR HIM TO ACCOMPANY HER, THAT HIS PRESENCE MIGHT OVERSHADOW HERS(1), AND THAT HE SHOULD STAY BEHIND TO LOOK AFTER SECURITY.

THE POST QUOTES MARCOS AS SAYING IN HONOLULU THAT HE DOES NOT BELIEVE HIS SUPPORTERS ARE PLOTTING TO KIDNAP AQUINO; "I CANNOT BELIEVE THE LOYALISTS WOULD PLAN SUCH A FANTASTIC PLOT OR AGGRESSIVE PLAN WHICH INCLUDES THE ABDUCTION OF MRS AQUINO AND HER MINISTERS," MARCOS SAID IN A STATEMENT RELEASED BY AN AIDE.

THE WASHINGTON TIMES ITEM ALSO NOTES AQUINO IS SCHEDULED TO MAKE A STATE VISIT TO INDONESIA AND SINGAPORE LATER THIS MONTH AND JOURNEY TO THE US IN SEPTEMBER. ON TUESDAY, IT REPORTS, SHE ANNOUNCED SHE WOULD NOT HAND OVER THE REINS OF GOVERNMENT TO VP LAUREL WHEN SHE IS OUT

OF THE COUNTRY. IT QUOTES ANALYSTS AS SAYING THAT DECISION IS BOUND TO PUT A STRAIN ON THE FRAGILE COALITION BETWEEN LAUREL'S UNIDO AND AQUINO'S "MORE RADICAL" PDP-LABAN GROUP. IT SAYS THERE HAS BEEN GROWING FRICTION BETWEEN THE COALITION PARTNERS BECAUSE LAUREL HAS JOINED ENRILE IN CRITICIZING AQUINO'S "SOFT" HANDLING OF THE COMMUNIST INSURGENCY.

REUTER (MANILA) REPORTS GOVERNMENT TV SAID FRIDAY THAT MARCOS SUPPORTERS ARE RECRUITING MILITARY MEN AS PART OF

A PLOT TO OVERTHROW AQUINO'S GOVERNMENT, QUOTING WHAT UNCLASSIFIED

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REUTER DESCRIBES AS "UNMANNED" SOURCES FROM THE DEFENSE MINISTRY AS SAYING THAT MARCOS LOYALISTS WERE OFFERING THE EQUIVALENT 250 DOLLARS A MONTH FOR ENLISTED MEN AND UP TO 2500 DOLLARS FOR MAJORS AND COLONELS. IT NOTES THE BROADCAST DID NOT SAY IF ANY OFFICERS OR MEN HAD SIGNED UP, BUT IT SAID A POLITICIAN DESCRIBED AS CLOSE TO MARCOS WAS AMONG THOSE BEHIND THE PLOT.

REUTER RECALLS ENRILE'S REMARKS THURSDAY (SEE ABOVE).

AFP (MANILA) QUOTES OFFICIALS AS SAYING FRIDAY THAT MANILA POLICE HAVE BEEN PUT ON MAXIMUM ALERT AFTER ENRILE'S DISCLOSURE THURSDAY OF AN ALLEGED PLOT BY MARCOS LOYALISTS TO KIDNAP AQUINO. IT SAYS MILITARY SPOKESMEN COULD NOT IMMEDIATELY CONFIRM IF THEIR FORCES WERE INCLUDED IN THE ALERT.

COMMENT AND ANALYSES

11. CHINA

THE JOURNAL OF COMMERCE'S BANGSBERG (HONG KONG) SAYS CHINA'S CLAMP-DOWN ON SPENDING MAY DASH US HOPES OF CASHING IN ON A BIG AND GROWING TRADE MARKET. HE REPORTS EVIDENCE OF THE "DRASTIC" EFFECT ON IMPORTS RESULTING FROM CHINA'S SQUEEZE EMERGED THURSDAY IN NEW TRADE FIGURES RELEASED BY THE HONG KONG GOVERNMENT.

WHILE SIMILAR DETAILED FIGURES ARE NOT NORMALLY PROVIDED BY THE MAINLAND, SAYS BANGSBERG, "THE PATTERN IS LIKELY TO BE THE SAME, THEREFORE DAMPENING HOPES FOR MANY FOREIGN EXPORTERS SEEKING A SHARE IN WHAT THEY VIEWED AS A BURGEONING MARKET."

IN A LETTER TO THE NY TIMES ON THE JOHN BURNS INCIDENT, CHU DJANG, ASSOCIATE DIRECTOR OF THE "INSTITUTE OF ASIAN UNCLASSIFIED

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STUDIES" AT ST JOHN'S UNIVERSITY, CONTENDS THE CHINESE KNEW BURNS WAS NOT A SPY; "THEY EXPELLED HIM FOR OPENLY FLOUTING THE CHINESE LAW AND BEING INDISCREET IN HIS CONDUCT." TO THE WRITER, BURNS "HAS WRITTEN HIS OWN PRESCRIPTION AND SWALLOWED THE MEDICINE STOICALLY TO CURE THE MALADY HE SUFFERED," WHICH IS "THE ILLUSION THAT FOREIGNERS IN CHINA STILL ENJOY THE PRIVILEGES OF EXTRATERRITORIALITY."

12. JAPAN

IN THE WALL STREET JOURNAL, HERBERT STEIN, CHAIRMAN OF THE "COUNCIL OF ECONOMIC ADVISORS" UNDER NIXON AND FORD, AND A SENIOR FELLOW AT THE "AMERICAN ENTERPRISE INSTITUTE," WRITES THAT THE US WANTS TOKYO TO BAIL IT OUT OF ITS ECONOMIC DIFFICULTIES. HE SAYS THAT PROBABLY THE LEAST INFLATIONARY WAY TO GET ANY GIVEN AMOUNT OF EXPANSION IN THE US ECONOMY WOULD BE TO INCREASE THE BUDGET DEFICIT, AND IF WE ARE GOING TO DO "DUMB THINGS TO KEEP FROM DOING OTHER DUMB THINGS, WE ARE NEVER GOING TO DO ANYTHING RIGHT."

STEIN SUGGESTS THAT HE IS NOT ARGUING FOR MORE EXPANSIONARY MOENETARY POLICY IN THE US, HE IS ONLY SAYING THAT THE RATE OF MONETARY EXPANSION IN THE US SHOULD NOT BE GOVERNED BY EXPANSION IN JAPAN OR GERMANY, OR BY THE US BALANCE OF PAYMENTS DEFICIT OR BY THE US DOLLAR EXCHANGE RATE. IT SHOULD, HE SAYS, BE GOVERNED BY ITS EXPECTED EFFECT ON DOMESTIC ECONOMIC CONDITIONS AND SPECIFICALLY BY THE EFFECT ON THE INFLATION RATE.

STEIN STATES THAT JAPAN'S DECISION ON EXPANSIONARY
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POLICIES IS ITS OWN DECISION. HE ENDS BY COMMENTING THAT "WE SHOULD LOOK AFTER OUR OWN ECONOMY AND SAVE THE LIMITED AMOUNT OF INTERNATIONAL COOPERATION THAT IS POSSIBLE FOR MORE SERIOUS MATTERS."

13. REFUGEES

THE WASHINGTON POST'S SUN (8/13) OBSERVES THAT 7 YEARS AFTER A MASSIVE EXODUS OF VIETNAMESE REFUGEES HIGHLIGHTED THE PLIGHT OF "BOAT PEOPLE," THE NUMBER OF PEOPLE WORLDWIDE WHO ESCAPE BY SEA FROM POLITICAL REPRESSION AND

WARFARE HAS DECREASED, BUT THAT MANY STILL PURSUE THIS DESPERATE COURSE, ACCORDING TO US AND INTERNATIONAL OFFICIALS. SHE NOTES THE FIGURES SHOW THAT BY FAR THE MOST PEOPLE FLEEING BY BOAT ARE FROM VIETNAM, ACCORDING TO THE OFFICIALS, AND THAT THEY ARE STILL LEAVING VIETNAM BY BOAT, DESPITE CONTINUED ATTACKS BY PIRATES.

SINCE THE MAJOR VIETNAMESE OFFENSIVE OF 18 MONTHS AGO THAT SOUGHT TO SEAL THE BORDER, AN AVERAGE OF 200 CAMBODIANS A MONTH HAVE BEEN MAKING THEIR WAY INTO THAILAND, SAYS THE BALTIMORE SUN'S BARBIERI (8/4). HE NOTES THIS IS A TRICKLE COMPARED TO THE FLOOD OF THOUSANDS THAT CAME IN THE LATE 1970S AND EARLY 1980S -- "BUT STILL AN ASTONISHING NUMBER, CONSIDERING THE PERILS OF THE CROSSING AND THE LIFE THAT AWAITS THEM IN THE REFUGEE CAMPS LOCATED A FEW MILES INSIDE THAILAND."

BARBIERI SAYS THERE IS ALMOST NO HOPE THESE PEOPLE WILL

BE ABLE TO GO BACK HOME OR LEAVE FOR RESETTLEMENT IN SO-CALLED THIRD COUNTRIES. HE ADDS THAT THE RTG WANTS THE CAMPS KEPT AS CLOSE TO THE BORDER AS POSSIBLE TO KEEP THE IDEA OF REPATRIATION ALIVE, "IF ONLY IN THEORY." DESPITE REFUGEE CAMP CONDITIONS, HE ADDS, THERE IS OBVIOUSLY NO LACK OF PEOPLE WHO FEEL THE FUTURE IS EVEN

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WORSE IN CAMBODIA AND WHO TAKE THE RISK INVOLVED IN MAKING THE CROSSING.

14. "YELLOW RAIN"

THE NY TIMES' CROSSETTE (BANGKOK 8/10) NOTES THAT 2 YEARS AGO THE US SET UP A CHEMICAL-BIOLOGICAL WARFARE OFFICE IN ITS EMBASSY THERE TO STUDY "YELLOW RAIN" -- THE ONLY SUCH DEPARTMENT IN ANY US DIPLOMATIC POST ABROAD. "BUT THERE HAVE YET TO BE ANY PUBLIC REPORTS FROM THAT OFFICE OF NEW EVIDENCE TO SUPPORT CHARGES OF MYCOTOXINS OR OTHER CHEMICAL OR BIOLOGICAL WEAPONS BEING USED IN INDOCHINA," SHE STATES. WHITEHEAD

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Date Printed: 10/23/1996

DOC_NUMBER: 85STATE127880

CHANNEL: n/

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INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 H-01 IO-16
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E.O. 12356: N/A
 TAGS: OPRC, XE, US
 SUBJECT: APRIL 26 EAP PRESS SUMMARY

1. KOREA
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THE NY TIMES NEWS SERVICE (CHICAGO TRIBUNE) AND THE NY
 TIMES' HABERMAN (BOTH SEOUL); REUTER'S BATTYE, THE
 WASHINGTON TIMES, AND BALTIMORE SUN REPORT ON THE CHUN
 WASHINGTON VISIT.

BATTYE NOTES CHUN HAS PLEDGED TO PURSUE ENERGETICALLY
 TALKS WITH NORTH KOREA TO REDUCE TENSION. HE SAYS IN
 SPEECHES AT A DINNER GIVEN BY BUSH THURSDAY, BOTH MEN

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TOUCHED ON TOPICS EXPECTED TO BE THE MAIN SUBJECTS OF
TALKS BETWEEN CHUN AND REAGAN FRIDAY.

CHUN SAID HE PROMISED SERIOUS EFFORTS FOR NORTH/SOUTH TALKS "BECAUSE I AM CONVINCED THAT PEACE IS THE KEY TO OUR LIFE," BATTYE REPORTS. CHUN IS QUOTED AS SAYING: "I WILL TAKE THE INITIATIVE IN SEEKING SOUTH/NORTH DIALOGUE WITH PATIENCE AND MAGNANIMITY UNTIL NORTH KOREA FINALLY REALIZES THAT NEGOTIATION IS THE ONLY WAY OF RESOLVING PROBLEMS BETWEEN THE 2 PARTS OF KOREA, RATHER THAN BY MILITARY CONFRONTATION."

BUSH IS QUOTED AS SAYING THAT BY THE END OF THIS CENTURY, "I BELIEVE YOUR HIGH LEVEL OF DEFENSE PREPAREDNESS AND OUR UNSWERVING COMMITMENT TO YOUR SECURITY WILL HAVE CAUSED THE LEADERS OF NORTH KOREA TO MOVE TOWARDS A SATISFACTORY RESOLUTION OF THE TRAGIC DIVISION OF YOUR COUNTRY...I BELIEVE YOUR EFFORTS FOR POLITICAL LIBERALIZATION AND NATIONAL HARMONY WILL LONG HAVE SOLIDIFIED THE HABITS OF DEMOCRACY IN YOUR COUNTRY."

THE WASHINGTON TIMES' BELCHER SAYS REAGAN WILL TRY TO BOLSTER POLITICAL PROGRESS IN KOREA WHEN HE MEETS WITH CHUN FRIDAY. SHE ADDS THAT ALTHOUGH A SENIOR
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ADMINISTRATION OFFICIAL DECLINED TO JUDGE WHETHER POLITICAL PROGRESS IN SOUTH KOREA HAS BEEN "ADEQUATE," HE CALLED FEBRUARY'S NATIONAL ASSEMBLY ELECTIONS A "VERY SIGNIFICANT EVENT."

THE NY TIMES NEWS SERVICE SAYS CHUN, THROUGH HIS MEETING WITH REAGAN, HOPES TO BOLSTER HIS DOMESTIC STANDING. THE STORY SAYS US AND KOREAN OFFICIALS RECOGNIZE THAT CHUN CAN EXPECT WHITE HOUSE SUPPORT ON MOST FUNDAMENTAL ISSUES, INCLUDING SOUTH KOREA'S MILITARY PLANS, ITS STRATEGIES FOR DEALING WITH NORTH KOREA AND ITS EFFORTS TOWARD SOLVING HUMAN RIGHTS PROBLEMS.

THE NY TIMES NEWS SERVICE SAYS THAT WHILE RECENT DEMONSTRATIONS IN SOUTH KOREA DO NOT SEEM TO HAVE UNDERCUT CHUN'S GOVERNMENT, KOREAN OFFICIALS STILL VIEW REAGAN'S SUPPORT AS WELCOME. "I THINK PRESIDENT REAGAN WILL APPRECIATE THE PROGRESS MADE HERE IN THE ROK IN ITS POLITICAL DEVELOPMENT," A SENIOR FOREIGN MINISTRY OFFICIAL IS QUOTED.

HABERMAN SAYS DESPITE THE DAILY PRESS ATTENTION HE RECEIVES IN KOREA, CHUN DOO HWAN REMAINS A DISTANT FIGURE TO MOST SOUTH KOREANS. PERSONAL GLIMPSES OF HIM ARE FEW, HABERMAN NOTES, ADDING THAT CHUN IS NOT A POPULAR

PRESIDENT.

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HABERMAN WRITES THAT KOREAN ANALYSTS BELIEVE CHUN HAS NOT ESTABLISHED HIS "LEGITIMACY," YET UNDER HIS RULE, THE ECONOMY HAS CHUGGED ALONG, THE PRESS HAS BECOME LESS FETTERED THAN A FEW YEARS AGO, POLITICAL OPPOSITION IS MORE FIERCE AND POLICE OFFICERS HAVE BEEN REMOVED AS AN INTIMIDATING INFLUENCE ON COLLEGE CAMPUSES. BUT HABERMAN SAYS CHUN RECEIVES LITTLE CREDIT, FOR PEOPLE BELIEVE THAT WHAT HE DOES HE DOES OUT OF POLITICAL NECESSITY.

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HABERMAN STATES THAT, IRONICALLY, MANY POLITICAL ANALYSTS SAY CHUN'S GREATEST ACHIEVEMENT MAY BE HIS DEPARTURE FROM OFFICE, THEREBY MAKING HIMSELF THE FIRST SOUTH KOREAN LEADER TO TRANSFER POWER PEACEFULLY.

AP (PHILADELPHIA INQUIRER SEOUL) REPORTS SOUTH KOREAN OFFICIALS HAVE ISSUED A CALL TO BRIGHTEN UP THE COUNTRY FOR NEXT YEAR'S ASIAN GAMES AND THE 1988 OLYMPICS IN SEOUL. IT REPORTS THE HOME AFFAIRS MINISTRY SAID THURSDAY THAT INSTRUCTIONS WERE GOING OUT TO CITY AND PROVINCIAL GOVERNMENTS TO USE BRIGHTLY COLORED PAINTS IN REFURBISHING PUBLIC BUILDINGS AND PARKS, WITH SHADES OF RED, BLUE AND CREAM AMONG THOSE RECOMMENDED.

THE NY TIMES CARRIES PHOTOS OF CHUN BEING GREETED IN LA BY A KOREA-AMERICAN ELEMENTARY SCHOOL PUPIL; AND OF DEMONSTRATORS PROTESTING HIS VISIT.

PHOTOS OF CHUN ALSO APPEAR IN THE CHICAGO TRIBUNE AND WASHINGTON TIMES.

2. JAPAN

THE WALL STREET JOURNAL'S BROWNING, NY TIMES' CHIRA AND WASHINGTON POST'S BURGESS (ALL TOKYO) REPORT JAPANESE OFFICIALS HAVE PROPOSED RELAXING RESTRICTIONS ON IMPORTS OF MEDICAL EQUIPMENT AND DRUGS, AND THEY PROMISED CONCESSIONS FRIDAY ON ELECTRONICS.

BROWNING SAYS THE HIGH-LEVEL WASHINGTON DELEGATION THAT HURRIED TO TOKYO THIS WEEK TO RECEIVE THE CONCESSIONS WILL ANNOUNCE ITS APPROVAL FRIDAY. HE ADDS THAT SOME OF THE US OFFICIALS SAID PRIVATELY THE CONCESSIONS WEREN'T

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CONCRETE CHANGES BUT JUST PROMISES. "IT'S ANOTHER BIG YAWN. I'M SKEPTICAL," ONE OFFICIAL IS QUOTED AS SAYING.

BROWNING EXPLAINS THAT WASHINGTON'S POSITION -- THAT THE CONCESSIONS MARK A STRONG POSITIVE STEP -- REFLECTS A DESIRE TO PULL TOGETHER BEFORE THE BONN SUMMIT, AND TO SUPPORT NAKASONE IN HIS EFFORTS TO OPEN THE JAPANESE MARKET.

CHIRA SAYS AMONG THE CONCESSIONS AGREED TO BY JAPAN ARE: ACCEPTANCE OF TEST RESULTS PERFORMED OUTSIDE JAPAN FOR A WIDER VARIETY OF MEDICAL EQUIPMENT; REDUCTION OF REQUIRED PAPERWORK WHEN A MANUFACTURER MAKES A MINOR CHANGE IN A PRODUCT OR CHANGES HIS ADDRESS; STREAMLINING OF CUSTOMS-CLEARANCE PRODECURES; AND GREATER FOREIGN PARTICIPATION IN THE APPROVALS PROCESS, INCLUDING A

CHANCE FOR FOREIGN MANUFACTURERS TO ARGUE THEIR CASE BEFORE A JAPANESE MINISTERIAL COMMITTEE THAT APPROVES THEIR APPLICATIONS.

BURGESS SAYS, UNDER THE PROPOSED AGREEMENT, A FOREIGN FIRM THAT HAS LICENSED A JAPANESE COMPANY TO MAKE A PRODUCT WILL BE ABLE TO OBTAIN THAT LICENSE WITHOUT REAPPLICATION IF IT WISHES TO BEGIN ITS OWN PRODUCTION IN JAPAN. HOWEVER, THIS WILL BE ALLOWED ONLY IF THE JAPANESE COMPANY AGREES TO IT.

BURGESS SAYS COMPANIES WANT TO BE SURE THEY CAN GET LICENSES TRANSFERRED RATHER THAN HAVING TO APPLY AGAIN.

REUTER (TOKYO) REPORTS THE GOJ FRIDAY SET INDIVIDUAL COMPANY QUOTAS FOR 1985-86 CAR EXPORTS TO THE US, GIVING SHARP INCRESSES TO 3 AFFILIATES OF US CARMAKERS, INDUSTRY SOURCES SAID. IT NOTES THEY SAID SMALLER INCREASES WENT TO "TOYOTA" AND "NISSAN," BUT IT ADDS THAT MITI AND THE 8

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FIRMS INVOLVED REFUSED TO CONFIRM THE QUOTAS.

THE WALL STREET JOURNAL'S KANABAYASHI (TOKYO) REPORTS THAT ALTHOUGH JAPANESE AUTO MAKERS MAY BE KINGS OF THE ROAD ABROAD, MANY OF THEM ARE "SITTING IN A DITCH AT HOME." THE REPORTER SAYS JAPAN'S AUTOMAKERS, FACING A LIKELY EARNINGS SQUEEZE IN THE US AND FACING MARKET SATURATION AND UNION DIFFICULTIES AT HOME, ARE STRIVING TO INCREASE PROFITS PER CAR BY DEVELOPING COSTLY NEW GADGETS AND SCOURING THE WORLD FOR NEW MARKETS -- BUT LANDS OF GOLDEN OPPORTUNITY ARE BECOMING SCARCER AND SCARCER, INCLUDING CHINA, WHICH PREFERS TO IMPORT

TECHNOLOGY RATHER THAN CARS

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THE CHRISTIAN SCIENCE MONITOR'S OSTERLUND (TOKYO), IN AN ARTICLE ON JAPAN'S EMERGENCE INTO THE "INFORMATION AGE," SAYS THE NUMBER OF COMPUTER DATA BASES IN THE COUNTRY HAS NEARLY DOUBLED IN THE LAST 3 YEARS AND PRIVATE COMPANIES ARE GREETING THE NEWLY DEREGULATED TELECOMMUNICATIONS MARKET WITH PLANS FOR VAST FIBEROPTIC CABLE NETWORKS WITH WHICH TO LINE THE CORNERS OF THE NATION.

REUTER (TOKYO) REPORTS JAPANESE AIRCRAFT AND PATROL BOATS FRIDAY CHASED A HIGH-SPEED VESSEL THAT POLICE SAID COULD HAVE BEEN A NORTH KOREAN SPY CRAFT. AT LAST REPORT, REUTER SAYS, THE VESSEL WAS RACING INTO THE EAST CHINA SEA WITH THE JAPANESE PATROL VESSELS AND AIRCRAFT STILL AFTER IT.

REUTER (TOKYO) REPORTS JAPANESE AND SOVIET OFFICIALS HAVE REACHED AN AGREEMENT IN MOSCOW ON REGULATING FISH CATCHES AND SHARING MARINE RESOURCES IN A JOINT 200-MILE FISHING UNCLASSIFIED

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ZONE, A JAPANESE FISHERIES AGENCY OFFICIAL SAID FRIDAY. THE NEW PACT, WHICH IS LIKELY TO BE INITIALLED IN A FEW DAYS, IS BASED ON PROVISIONS OF THE UN LAW OF THE SEA CONVENTION, REUTER SAYS.

THE NY TIMES' SALPUKAS (2/24) SAYS THE AGREEMENT FOR "UNITED AIRLINES" TO TAKE OVER THE PACIFIC ROUTES OF "PAN AMERICAN WORLD AIRWAYS" MAY RUN INTO OPPOSITION FROM JAPAN, THE ONLY FOREIGN COUNTRY THAT MUST APPROVE IN ORDER FOR THE AGREEMENT TO GO THROUGH.

SALPUKAS EXPLAINS THAT IN JAPAN'S EYES, IF UNITED TOOK OVER PAN AM'S ROUTES, UNITED COULD, IN THE WORDS OF YASUMOTO TAKAGI, JAL'S PRESIDENT, "COMPETE WITH JAL AND OTHER REGIONAL CARRIERS UNDER OVERWHELMINGLY ADVANTAGEOUS CONDITIONS, TAKING ADVANTAGE OF ITS HUGE DOMESTIC NETWORK OF 159 CITIES IN THE 50 STATES, ITS INTERNATIONAL CONNECTING SERVICES AND ITS RESERVATIONS SYSTEM."

SALPUKAS HOLDS THAT USG SOURCES SEE THE TRANSFER AS A ROUTINE MATTER AND BELIEVE THE US HAD THE RIGHT TO DESIGNATE WHICHEVER CARRIER IT WANTED AND THAT NO FORMAL AGREEMENT WAS NEEDED FROM OTHER GOVERNMENTS. BUT SOURCES IN JAPAN AND THE US SENSE THAT THEY COULD SEIZE THE OPPORTUNITY TO PRESS FOR THEIR OWN INTERESTS AND PUT OBSTACLES IN THE WAY THAT WOULD CAUSE DELAYS AND WOULD HAVE TO BE RESOLVED BY TALKS. HE ADDS.

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3. THAILAND

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REUTER REPORTS THE PRESIDENT FRIDAY NOMINATED EAP'S WILLIAM BROWN TO SUCCEED JOHN GUNTHER DEAN AS US AMBASSADOR TO THAILAND.

4. BANDUNG CONFERENCE/INDONESIA

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AP (NY TIMES), THE LA TIMES, BOSTON GLOBE'S ASHBROOK, AND THE BALTIMORE SUN (ALL BANDUNG) NOTE THE DECLARATION UNANIMOUSLY APPROVED BY DELEGATES AT THE CEREMONIES MARKING THE 30TH ANNIVERSARY OF THE 1955 ASIA-AFRICA CONFERENCE IN BANDUNG (SEE ALSO THE APR 25 EAP PRESS SUMMARY).

AP SAYS THE DELEGATES DECLARED THE WORLD IS IN WORSE SHAPE NOW THAN IT WAS AT THE TIME OF THE 1955 CONFERENCE. IT REPORTS REPRESENTATIVES OF MORE THAN 80 COUNTRIES SAID THE WORLD IS "BESET BY PERVERSIVE TENSIONS,

VIOLENCE, AND GROWING INSECURITY," AND "THE ADVERSARY GREAT POWER RELATIONSHIP HAS FURTHER INCREASED THE RISK OF NUCLEAR WAR.

"THE ASIAN AND AFRICAN COUNTRIES OBSERVED WITH REGRET THAT MANY OF THE FACTORS AND CONDITIONS THAT CONTRIBUTED TO A GRAVELY DISTURBING INTERNATIONAL SITUATION IN THE 1950'S CONTINUED TO AFFLICT RELATIONS AMONG STATES," AP NOTES THE 11-PAGE DOCUMENT SAID.

5. CAMBODIA/VIETNAM

NEWSDAY QUOTES DIPLOMATIC SOURCES AS SAYING SIHANOUK HAS INDICATED HE WILL STAY ON AS PRESIDENT OF THE CAMBODIAN RESISTANCE. THE DECISION CAME AFTER THE PRINCE RECEIVED A TELEGRAM FROM THE KHMER ROUGE'S KHIEU SAMPHAN, TO WHOM HE HAD SUBMITTED HIS RESIGNATION, IT QUOTES DIPLOMATIC SOURCES AS SAYING.

AFP (BEIJING) SAYS A SPOKESMAN FOR THE EMBASSY OF THE CGDK IN BEIJING SAID THE PRINCE ON THURSDAY HAD INFORMED

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KHIEU SAMPHAN OF HIS DECISION TO STAY ON AS HEAD OF THE

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COALITION. IT QUOTES SPOKESMAN MACK BEN AS SAYING THE PRINCE INDICATED HE WOULD STAY ON SO AS TO PRESERVE THE COALITION'S UNITY AND WOULD REMAIN ITS LEADER "UNTIL CAMBODIA HAS BEEN LIBERATED" AND HANOI'S FORCES QUIT THE COUNTRY.

THE WASHINGTON TIMES' ANDREWS QUOTES DOD'S ARMITAGE AS SAYING IN AN INTERVIEW THAT THE NEXT FEW MONTHS WILL BE CRITICAL TO THE SURVIVAL OF THE CAMBODIAN RESISTANCE GROUPS, WHO HAVE LOST THEIR BASES NEAR THE THAI-CAMBODIAN BORDER IN THEIR FIGHT AGAINST THE VIETNAMESE.

ANDREWS REPORTS ARMITAGE SAID: "THE ALTERNATIVES AVAILABLE TO THEM ARE EITHER TO ENGAGE IN GUERRILLA WARFARE...OR GIVE UP THE GHOST. I THINK THE SIGNS ARE ALL THERE THAT THEY'RE GOING TO ENGAGE IN GUERRILLA WARFARE."

ANDREWS REPORTS ARMITAGE SAID GUERRILLAS HAVE APPARENTLY INFILTRATED TO THE INTERIOR OF CAMBODIA, ARE BEING HELPED BY NATIVES THERE, AND ARE ENGAGING IN TRUE GUERRILLA OPERATIONS. HE QUOTES ARMITAGE: "THE PROOF OF THE PUDDING OF THIS WILL BE IN THE RAINY SEASON, WHICH STARTS IN LATE MAY, AND WE SEE, ...WHILE THE VIETNAMESE ARE BOGGED DOWN BY THE RAINY SEASON, IF THE CAMBODIAN RESISTANCE GROUPS ARE ABLE TO EFFECT COMPETENT GUERRILLA RAIDS AGAINST THEM."

ANDREWS NOTES ARMITAGE SAID THAT IF DURING THE RAINY SEASON "THE RESISTANCE GROUPS ARE ABLE TO EFFECTIVELY HARASS THE VIETNAMESE, ONE WILL SEE THAT THE VIETNAMESE ATTEMPT AT SMASHING THE COALITION HAS FAILED. THIS RAINY SEASON WILL BE CRITICAL. IF...THE COALITION GROUP WILL NOT BE ABLE TO EFFECTIVELY CONDUCT GUERRILLA OPERATIONS AGAINST THE VIETNAMESE, THEN ONE VIEWS THE RECENT

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VIETNAMESE ATTACK IN A DIFFERENT LIGHT (THAN FAILURE)."

ANDREWS REPORTS ARMITAGE SUGGESTED THAT BY CAPTURING THE GUERRILLA CAMPS, THE VIETNAMESE MAY "HAVE BROUGHT ABOUT THAT WHICH THAILAND AND OTHERS HAVE BEEN ENCOURAGING THE RESISTANCE GROUPS TO DO FOR SOME TIME -- THIS IS, ACTUALLY INFILTRATE, AND ENGAGE IN TRUE GUERRILLA WARFARE." IT IS HOPED, ARMITAGE EXPLAINED, THAT VIETNAM WILL FIND ITSELF MIRED DOWN IN A GUERRILLA CONFLICT, JUST AS FRANCE AND THE US DID, AND THAT THIS COULD DIM THE "LUSTRE OF INFALLIBILITY OF THE VIETNAMESE IN TERMS OF THE PRACTICE OF MILITARY ARTS."

ANDREWS NOTES ARMITAGE LABELLED VIETNAM'S CAMBODIA

OCCUPATION "A CYNICAL EXAMPLE OF COLONIALISM."

ANDREWS REPORTS ARMITAGE SUGGESTED THAT IF THE GUERRILLAS ARE SUCCESSFUL DURING THE RAINY SEASON, THE VIETNAMESE MIGHT INCREASE THEIR FORCES IN CAMBODIA AND GO FOR A KNOCKOUT BLOW; BUT "BY THE SAME TOKEN," HE ADDED, "YOU MAY SEE AN INCREASED WILLINGNESS ON THE PART OF THE VIETNAMESE TO DIALOGUE."

6' VIETNAM

THE LA TIMES (BOSTON GLOBE AND NEWSDAY HO CHI MINH CITY 4/25) REPORTS A TEENAGER FROM A MEKONG DELTA HAMLET WAS SCHEDULED TO FLY TO CHICAGO THURSDAY TO PARTICIPATE IN AN EMERGENCY BONE MARROW TRANSPLANT THAT DOCTORS HOPE WILL SAVE THE LIFE OF HIS DESPERATELY ILL REFUGEE BROTHER. IT SAYS VO TIEN DUC, WHO FLED VIETNAM BY BOAT 7 YEARS AGO, IS SUFFERING FROM APLASTIC ANEMIA.

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"IN A RARE SHOW OF COOPERATION BETWEEN THE 2 FORMER ENEMIES," THE TIMES SAYS, HANOI AND WASHINGTON HAVE HELPED DOCTORS IN A RUSH EFFORT TO PINPOINT THE YOUNGER BROTHER, VO HOANG VAN, WHOSE BLOOD TYPE WAS FOUND TO BE COMPATIBLE, AND THEN EXPEDITE HIS DEPARTURE FOR CHICAGO.

ON APR 4, THE TIMES REPORTS, DUC'S PHYSICIAN, DR MELODY COBLEIGH, CONTACTED A REPRESENTATIVE OF THE "US COMMITTEE

FOR SCIENTIFIC COOPERATION WITH VIETNAM" TO SEEK ASSISTANCE IN LOCATING A DONOR FOR HER PATIENT, AND THE COMMITTEE'S CHAIRMAN, DR JUDITH LANDINSKY, QUICKLY SECURED DOS ASSURANCE THAT A VIETNAMESE DONOR WOULD BE GRANTED ENTRY TO THE US. IT SAYS LANDINSKY THEN CONTACTED OFFICIALS IN HANOI AND AT VIETNAM'S UN MISSION IN NEW YORK SEEKING PERMISSION TO ENTER VIETNAM AND ASKING FOR ASSISTANCE IN LOCATING DUC'S FAMILY.

THE TIMES SAYS LANDINSKY RECEIVED HER VISA 1 WEEK LATER AND ON APR 18 ARRIVED IN HO CHI MINH CITY, WHERE AUTHORITIES THEN WHISKED HER TO A HOSPITAL IN CHOLON WHERE 4 OF DUC'S BROTHERS AND SISTERS AND HIS FATHER WERE WAITING.

THE LA TIMES' SECTER AND GREEN (4/25) QUOTE A DOS OFFICIAL AS CALLING THE CURRENT EXCHANGE "UNPRECEDENTED," BUT THEY NOTE HE ALSO WAS CAREFUL TO STRESS THAT BOTH GOVERNMENTS ARE COOPERATING WITH 3RD PARTIES, NOT EACH OTHER.

SECTER AND GREEN QUOTE LANDINSKY AS SAYING HER GROUP
HOPES HER TRIP WILL HELP TEAR DOWN BARRIERS STILL
DIVIDING THE US AND VIETNAM. "THIS IS A GREAT
HUMANITARIAN GESTURE ON THE PART OF BOTH COUNTRIES," THEY
QUOTE HER AS SAYING; "WE HOPE THAT IT WILL FACILITATE
BETTER COMMUNICATIONS AND COOPERATION BETWEEN THE 2. OUR
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DESIRE IS TO HAVE NORMALIZATION OF RELATIONS BETWEEN
VIETNAM AND THE US. IF WE CAN DO THIS SMALL STEP, WE
WILL HAVE ACCOMPLISHED A GREAT DEAL."

THE LA TIMES' GREEN (CHICAGO) SAYS DOCTORS TREATING VO
TIEN DUC SAID THURSDAY THEY FEAR THE CRITICALLY ILL
REFUGEE WILL DIE BEFORE THEY CAN PERFORM A BONE MARROW
TRANSPLANT FROM HIS YOUNGER BROTHER, SCHEDULED TO ARRIVE
IN CHICAGO LATE FRIDAY.

THE TIMES CARRIES A PHOTO OF THE YOUNGER BROTHER, VO
HOANG VAN, WITH DR LANDINSKY IN HO CHI MINH CITY THURSDAY.

AP (BALTIMORE SUN) AND THE CHICAGO TRIBUNE'S KOTULAK
(BOTH CHICAGO) ALSO NOTE THE EFFORT TO BRING VO TIEN
DUC'S YOUNGER BROTHER TO THE US IN ORDER TO PERFORM A
BONE MARROW TRANSPLANT.

AP SAYS THE TRIP OF VO HOANG VAN TO THE US "RESULTS FROM
UNPRECEDENTED COOPERATION BETWEEN US AND VIETNAMESE
AUTHORITIES." ALTHOUGH THE US AND VIETNAM HAVE NO FORMAL
DIPLOMATIC RELATIONS, IT OBSERVES, BOTH GOVERNMENTS

HELPED DOCTORS LOCATE VAN IN VIETNAM, TEST HIS BLOOD, AND
HASTEN HIS TRIP TO THE US.

7. SINGAPORE/MALAYSIA/AUSTRALIA/NEW ZEALAND

USA TODAY REPORTS SINGAPORE, MALAYSIA, BRITAIN,
AUSTRALIA, AND NEW ZEALAND WILL TAKE PART IN A COMBINED
MARITIME EXERCISE IN THE SOUTH CHINA SEA, MAY 6-16.

8. NEW CALEDONIA UNCLASSIFIED

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AP (BALTIMORE SUN AND BOSTON GLOBE), THE NY TIMES'
BERNSTEIN, LA TIMES' MEISLER, AND CHRISTIAN SCIENCE
MONITOR'S ECHIKSON (ALL PARIS) REPORT THE FRENCH...

GOVERNMENT DECIDED THURSDAY TO DELAY ITS PLANS FOR A
REFERENDUM THIS YEAR ON INDEPENDENCE FOR NEW CALEDONIA.

AP SAYS THE GOF ALSO DECIDED TO INCREASE ITS ECONOMIC AID
WHILE IT TRIES TO SELL THE IDEA OF INDEPENDENCE IN
ASSOCIATION WITH FRANCE. IT STATES THAT THE NEW FRENCH
PLAN WOULD GIVE THE NATIVE KANAKS MORE EXPERIENCE IN
GOVERNMENT AND REINFORCE FRANCE'S LONG-TERM MILITARY
PRESENCE.

AP REPORTS PM FABIUS ANNOUNCED AFTER A SPECIAL CABINET
MEETING THAT THE VOTE ON "INDEPENDENCE IN ASSOCIATION
WITH FRANCE" WOULD BE HELD NO LATER THAN DEC 31, 1987,
AND IT SAYS HE ALSO PROMISED "A VERY IMPORTANT PLAN OF
REFORMS AND ECONOMIC, SOCIAL, AND CULTURAL DEVELOPMENT."

BERNSTEIN SAYS FABIUS' ANNOUNCEMENT INDICATED THE VOTE
WOULD BE POSTPONED UNTIL AFTER FRANCE'S LEGISLATIVE
ELECTIONS NEXT YEAR WHEN, "IF CURRENT TRENDS PERSIST,
RIGHTIST PARTIES OPPOSED TO INDEPENDENCE FOR THE
TERRITORY ARE LIKELY TO COME TO POWER." HE FEELS THE NEW
PLAN SEEMS, AT LEAST IN PART, "TO REPRESENT A VICTORY FOR
ANTI-INDEPENDENCE FORCES."

MEISLER REPORTS FABIUS ALSO ANNOUNCED THE FORMATION OF A
NEW SYSTEM OF GOVERNMENT THAT WILL DIVIDE THE TERRITORY
INTO 4 REGIONS, EACH WITH AN ELECTED REGIONAL COUNCIL;
THE 4 COUNCILS, UNDER THE NEW PLAN, WILL THEN MAKE UP A
CONGRESS OR TERRITORIAL ASSEMBLY FOR THE WHOLE COLONY.
HE SUGGESTS SUCH AN ARRANGEMENT WILL PROBABLY DILUTE THE
VOTING POWER OF THE WHITES, SINCE MOST OF THEM LIVE IN
NOUMEA. HE SAYS ELECTIONS FOR THE NEW REGIONAL COUNCILS
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ARE SCHEDULED FOR AUGUST.

ECHIKSON ADDS THAT, IN A MOVE TO QUIET CONSERVATIVE

CRITICS, FABIUS ANNOUNCED NEW CALEDONIA'S MILITARY
GARRISON IS TO BE REINFORCED; TO SATISFY INDEPENDENCE

SEEKING KANAKS, HE STATES, AN ECONOMIC DEVELOPMENT
PROGRAM IS BEING ESTABLISHED TO REDUCE INEQUALITIES.

ECHIKSON REPORTS ANTI-INDEPENDENCE LEADER DICK UKEIWE
CALLED THE GOF PLAN A BLOW AGAINST DEMOCRACY, WHILE
INDEPENDENCE LEADER JEAN-MARIE TJIBAOU CONTINUED TO
DEMAND COMPLETE INDEPENDENCE.

REUTER (PARIS) REPORTS TJIBAOU, AT A NEWS CONFERENCE
FRIDAY, ACCUSED THE FRENCH SOCIALIST GOVERNMENT OF

BACKING AWAY FROM ITS RESPONSIBILITIES TO NEW CALEDONIA, BUT HE ALSO SAID THE GCF HAD ACKNOWLEDGED KANAK CLAIMS FOR THE FIRST TIME WITH ITS ANNOUNCEMENT OF ELECTIONS FOR 4 REGIONAL COUNCILS.

REUTER NOTES TJIBAOU SAID HE WAS CONFIDENT THAT THE REGIONALIZATION PROCESS WOULD GIVE THE FLNKS A CLEAR MAJORITY IN AT LEAST 2 OF THE 4 PROPOSED COUNCILS, BUT HE ADDED THAT IT WOULD BE UP TO A FLNKS CONVENTION EARLY NEXT MONTH TO DECIDE HOW TO PREPARE FOR THE AUGUST ELECTIONS.

9. PAPUA-NEW GUINEA

IN A LENGTHY ARTICLE, THE WALL STREET JOURNAL'S BROOKS (STAR MOUNTAIN, PAPUA-NEW GUINEA) DESCRIBES DIFFICULTIES BESETTING THE OK TEDI MINING PROJECT, INCLUDING FLOODS, UNCLASSIFIED

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RISING COSTS, AND OTHER PROBLEMS.

10. CHINA

AP'S SEURRE, REUTER'S BARKER, THE CHICAGO TRIBUNE, NEWSDAY, AND THE NY TIMES' BURNS (ALL BEIJING) REPORT THAT WHILE POLICE WITH CAMERAS LOOKED ON WITHOUT INTERFERING, HUNDREDS OF PEOPLE, BANISHED FROM THE CAPITAL TO THE SHANXI COUNTRYSIDE ALMOST 20 YEARS AGO BY MAO'S CULTURAL REVOLUTION, COMPLETED THEIR 5TH DAY OF PROTESTS FRIDAY BY OCCUPYING CCP HEADQUARTERS, WAVING BANNERS, AND DEMONSTRATING FOR THE RIGHT TO RETURN TO LIVE IN THE CITY.

BARKER REPORTS WHEN THE CCP OFFICE CLOSED, THE DEMONSTRATORS QUIETLY WENT OFF TO STAY WITH RELATIVES IN BEIJING, AS THEY HAVE EVERY NIGHT SINCE MONDAY, LEAVING THEIR BANNERS (SOME READING, "COMRADE XIAOPING SAVE US") STRETCHED OUT ABOVE THE DOORS OF THE BUILDING. ALTHOUGH OFFICIALS HAVE REPEATEDLY TOLD THEM THE PROTEST IS

UNACCEPTABLE, HE ADDS, THE DEMONSTRATORS PLAN TO RETURN SATURDAY AND EVERY DAY UNTIL BEIJING ALLOWS THEM TO RETURN FROM SHANXI PROVINCE TO SETTLE AT HOME IN BEIJING.

BARKER REPORTS WHEN FOREIGN JOURNALISTS BEGAN TALKING WITH THE CROWD, POLICE TOOK CLOSE-UP PHOTOS OF ANY EXILE WHO TALKED TO THE REPORTERS, WHICH LED SOME PROTESTERS TO URGE, "PLEASE DO NOT TALK WITH US FOR TOO LONG." WHILE DENG'S MODERNIZING LEADERSHIP HAS REJECTED THE IDEALS OF MAO'S CULTURAL REVOLUTION, HE POINTS OUT, OVERCROWDED BIG CITIES REFUSE TO TAKE BACK MILLIONS OF FORMER CITIZENS.

BARKER SAYS A SENIOR CITY OFFICIAL TOLD FOREIGN REPORTERS THAT THE AUTHORITIES HAD RULED OUT FORCE TO CLEAR THE CROWDS, SAYING: "THEIR REASONABLE DEMANDS WILL BE UNCLASSIFIED

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DISCUSSED, AND WE CAN ALSO TALK ABOUT THEIR UNJUST DEMANDS."

BARKER SAYS IT IS NOT CLEAR WHETHER THE AUTHORITIES WILL ALLOW THE "EMBARRASSING PROTEST" TO LAST UNTIL MAY 1, WHEN BEIJING PLANS INTERNATIONAL CELEBRATIONS NEARBY TO MARK LABOR DAY.

SEURRE QUOTES CITY GOVERNMENT SPOKESMAN YAO SAYING: "THIS TYPE OF DEMONSTRATION WILL NOT SOLVE THE PROBLEM," WHICH HE TERMED ONE OF HISTORY, LEFT OVER BY THE CULTURAL REVOLUTION.

MANY OF THE PROTESTERS WERE RELUCTANT TO TALK TO WESTERN REPORTERS OR REFUSED TO GIVE THEIR NAMES, SAYS BURNS; BUT A COMMON THREAD IN THEIR REMARKS WAS THE FEELING THAT THEY HAD SACRIFICED THEMSELVES TO THE PARTY AND BEEN BETRAYED.

THE NY TIMES HAS AN AP PHOTO OF ONE CHINESE GIRL HELPING HER MOTHER WITH KNITTING AS THEY TOOK PART IN THE DEMONSTRATION THURSDAY.

COMMENT AND ANALYSES

11. VIETNAM/MIA'S/REFUGEES

THE CHICAGO TRIBUNE (4/25 EDITORIAL), CITING LE DUC THO'S RECENT STATEMENT THAT HANOI WILL NOT ALLOW THE REMAINING "RE-EDUCATION CAMP" PRISONERS TO RESETTLE IN THE US, CONCURS IN THE STATE DEPARTMENT DESCRIPTION OF THIS VIETNAM ABOUT-FACE AS "A HEARTLESS AND CYNICAL CHANGE OF MIND."

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THE TRIBUNE NOTES THE LATEST SRV EXCUSE FOR RETAINING THESE VIETNAMESE WHO SERVED US INTERESTS IS THE "RIDICULOUS" CLAIM THAT HANOI FEARS THEY WOULD BE A THREAT TO ITS SECURITY AND THAT THEY MIGHT TURN UP FIGHTING THE SANDANISTAS IN NICARAGUA. IT POINTS OUT

THERE ARE NOW MORE THAN 2 MILLION SOUTH VIETNAMESE LIVING AROUND THE WORLD, MOSTLY IN THE US, AND THEY "HAVE POSED NO THREAT" TO HANOI - NOR BEEN "EXACTLY RUSHING TO JOIN THE CONTRAS." IT SEES HANOI "ATTEMPTING TO OBSCURE WHAT APPEARS TO BE ITS TRUE PURPOSE IN IMPRISONING THESE PEOPLE: REVENGE."

RELEASE OF THESE PRISONERS AND THE EXPEDITIOUS DEPARTURE OF THE AMERASIANS, THE TRIBUNE INSISTS, SHOULD REMAIN A MAJOR GOAL OF US DIPLOMACY.

THE WALL STREET JOURNAL'S PAUL (4/24) SUGGESTS THAT IF THE CONTINUED PRESENCE OF US POW'S IN SE ASIA WERE EVER PUBLICLY ACCEPTED, "IT WOULD PROVOKE A FOREIGN-POLICY DILEMMA. AMERICANS WOULD DEMAND THAT WASHINGTON ACT, BUT WHAT COULD THE US DO? A MILITARY OPERATION MIGHT GET SOME PRISONERS OUT," HE SAYS, "BUT THE REST MIGHT THEN BE PUT TO DEATH, PERHAPS AFTER SHOW TRIALS. NEGOTIATIONS COULD EASILY DISSOLVE INTO A KIND OF IRAN HOSTAGE CRISIS, WITH WASHINGTON LOOKING WEAK," HE ADDS.

PAUL CONTENDS "THERE IS REASON TO BELIEVE" THE CIA "KNOWS FOR A FACT THAT AMERICANS ARE STILL BEING HELD AGAINST THEIR WILL. THERE ALSO IS REASON TO BELIEVE THAT MILITARY ANALYSTS HAVE SQUANDERED SOME PROMISING LEADS... THAT, IF THEY HAD BEEN PROPERLY PURSUED, MIGHT BY NOW HAVE PROVED THE CONTINUED PRESENCE OF US POW'S IN SE ASIA."

THEREFORE, WITH US MILITARY ACTION TO RESCUE ANY POW'S
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WHO SURFACE SEEMING "SELF-DEFEATING," PAUL REASONS, "ENTERING INTO TALKS IS A CHANCE WORTH TAKING. VIETNAM'S ECONOMY IS A SHAMBLES, OFFERING THE MAKINGS OF A DEAL," HE CONTENDS, ADDING: "GETTING THE MEN BACK WOULD DEMONSTRATE A MORAL COMMITMENT FEW NATIONS POSSESS."

12. BANDUNG CONFERENCE

THE WALL STREET JOURNAL (4/23 EDITORIAL), CITING THIS WEEK'S GATHERING OF NON-ALIGNED NATIONS, MAINTAINS THAT MORE COUNTRIES TODAY SEEM TO RECOGNIZE THAT THE REAL DIVISION IN THE WORLD, AND WITHIN THE NONALIGNED MOVEMENT, IS NOT BETWEEN RICH AND POOR OR EAST AND WEST. THE REAL CHOICE IS BETWEEN THOSE COUNTRIES THAT TOLERATE

FREEDOM FOR THEIR CITIZENS AND THOSE THAT DON'T," IT ARGUES.

THEREFORE, THE JOURNAL CONCLUDES, "IF THIS WEEK'S MEETING

MAKES THAT POINT EVEN CLEARER, THEN WE SAY HAPPY 30TH ANNIVERSARY."

13. KOREA

THE CHRISTIAN SCIENCE MONITOR (EDITORIAL) FEELS THE CHUN-REAGAN MEETING "CAN BE WELCOMED AS ANOTHER OPPORTUNITY FOR THE AMERICAN SIDE QUIETLY TO STRESS THE ADVANTAGES TO SOUTH KOREA OF FURTHER MOVES TOWARD POLITICAL LIBERALIZATION."

THE MONITOR ADDS: "THE CHUN GOVERNMENT...WOULD BE MISTAKEN IN ASSUMING THAT AMERICANS IN GENERAL, AND MANY OTHER WESTERNERS, BELIEVE (RECENT LIBERALIZING ACTIONS)

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ARE ANYTHING MORE THAN STEPS ALONG THE WAY TOWARD SATISFYING THE SOUTH KOREAN PUBLIC'S DEMAND FOR GREATER POLITICAL PARTICIPATION AND CIVIL LIBERTIES...THERE ARE FAR MORE ADVANTAGES THAN DISADVANTAGES FOR SEOUL IN MOVING TOWARD GREATER CIVIL RIGHTS...GREATER EVIDENCE OF POLITICAL FREEDOM IN SOUTH KOREA CAN ONLY LEAD TO DEEPER COMMITMENT TO THE LONG-RANGE WELL-BEING OF THE GOVERNMENT' "

14. JAPAN

REUTER'S FRANK REPORTS THE SENATE WILL DELAY FOR SEVERAL MONTHS ITS VOTE ON LEGISLATION REQUIRING THE PRESIDENT TO RETALIATE AGAINST JAPAN'S TRADE POLICIES, ACCORDING TO BAUCUS (D-MONT), THE SENATOR EXPLAINING THAT THE VOTE WILL BE DELAYED TO GIVE NEGOTIATORS A CHANCE TO SUCCEED IN CONVINCING JAPAN TO EASE IMPORT BARRIERS.

IN A NY TIMES OPED PIECE (4/24), PACKWOOD (R-ORE) SAYS: "IN THE INTERNATIONAL TRADING SYSTEM, THERE IS NO 'FREE LUNCH.' FAIRNESS REQUIRES THAT EVERYBODY CONTRIBUTES TO THE CHECK. THAT INCLUDES JAPAN."

ASSESSING CONGRESS'S MOOD OVER JAPAN'S TRADE SURPLUS, PACKWOOD ADDS: "THE TRADING SYSTEM CAN SURVIVE ONLY IF ITS BENEFITS ARE EQUITABLY CONFERRED ON ALL COUNTRIES. CONGRESS IS CONVINCED THAT JAPAN IS NOT BEING FAIR' WE INTEND TO INSIST THAT JAPAN ADOPT THE PRINCIPLES OF FREE TRADE IN ITS MARKETS."

15. GENERAL

THE WALL STREET JOURNAL (4/25 EDITORIAL) HOLDS THAT "A GLANCE AT SOVIET ACTIVITY IN ASIA REVEALS A POLICY AT WORK." IT CALLS ON ASIA'S WESTERN-LEANING COUNTRIES TO

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"UNDERSTAND HOW THE SOVIET DIPLOMATIC DANCE WORKS":
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BUILD UP ARMED STRENGTH, DEPLOY THOSE ARMS IN THREATENING
NUMBERS AND THEN MAKE AN OFFER YOUR "PARTNERS" ARE AFRAID
TO REFUSE.

THE JOURNAL FINDS IT "A SIGN OF POLITICAL MATURITY THAT
ASIA'S LEADERS HAVE SO FAR MAINTAINED A HEALTHY
SKEPTICISM ABOUT THESE (SOVIET) DIPLOMATIC GESTURES...
BUT WHAT IS IMPORTANT TO REMEMBER IS THAT A HALLMARK OF
SOVIET FOREIGN POLICY IS PERSISTENCE. THEY WILL BE BACK
IN ASIA AGAIN AND AGAIN, BRINGING CHARM AND THREAT -- AND
MORE MUSCLE." SHULTZ

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PARIS FOR BIGELOW, GENEVA FOR BECK

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1. MIA'S/LAOS/VIETNAM

PHINQ (2/22) CITES LAT REPORT QUOTING GRITZ LETTER.
 NOTES GRITZ CLAIMS TO HAVE FOUND "SOME POW ID"/TO HAVE
 "12 CIA-DIA GENERATED TARGETS" WHICH "COULD HOLD US
 POW'S." NOTES CIA SPOKESMAN TOLD LAT AGENCY WOULDN'T
 COMMENT ON GRITZ'S "WILD ALLEGATION," WHILE DIA OFFICIAL
 DENIED ANY AFFILIATION WITH GRITZ. NOTES LETTER WAS ALSO

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SIGNED BY 2 OTHER CALIFORNIANS SUPPOSEDLY ON MISSION WITH GRITZ--DAVID SCOTT WEEKLY/GARY GOLDMAN. ADDS AUTHORITIES IN BANGKOK SAID MON THAT GRITZ WOULD BE ARRESTED WHEN HE RETURNS TO THAILAND. REPORTS GRITZ IN LETTER ALSO BLAMED PUBLICITY ABOUT NOV MISSION FOR HEAVY RESISTANCE RECENTLY ENCOUNTERED BY HIS TEAM/FOR DEATH OF LAO FOLLOWER. SAYS HE ALSO FAULTED PATTERSON FOR SELLING STORY TO "SOLDIER OF FORTUNE" MAG/CRITICIZED MAG FOR PUBLICIZING IT.

WASHTIMES (BANGKOK) SAYS THAI POLICE STAKED OUT LAO BORDER MON IN BID CAPTURE GRITZ. ADDS GRITZ CLAIMED IN

MESSAGE TO LAT THAT HE HAS EVIDENCE OF US POW'S/WILL CONTINUE SEARCH UNTIL HE FINDS MORE INFO.

BALTSUN'S LETHWAITE (2/20) SAYS REAGAN ADMIN MOUNTING MAJOR NEW EFFORT OBTAIN INFO FROM SEASIA GOVTS ON 2494 MIA'S. CALLS THIS REVERSAL OF EARLIER OFFICIAL ASSESSMENT MADE IN '76-'77 THAT THERE PROBABLY NO LIVING AMERICANS BEING HELD AGAINST THEIR WILL IN FORMER ENEMY TERRITORY. REPORTS INTELL OFFICIALS HAVE COLLECTED 220 "CREDIBLE" BUT UNEXPLAINED 1ST-HAND LIVE-SIGHTINGS SINCE '75; OBSERVES ALTOGETHER THERE 1682 REPORTS, MANY 2ND-HAND/UNRELIABLE. SAYS REAGAN ADMIN HAS ORDERED UNCLASSIFIED

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INTELL AGENCIES GIVE NEW SIGHTINGS "HIGHEST PRIORITY." ARTICLE BANNER NOTES QUEST FOR MIA DATA "GAINS MOMENTUM UNDER REAGAN."

LETHWAITE QUOTES DOD OFFICIAL THAT "SHEER WEIGHT OF EVIDENCE" HAS CONVINCED ADMIN INDOCHINA AUTHORITIES KNOW MORE THAN THEY HAVE SO FAR DISCLOSED/THAT SOME MIA'S MAY STILL BE ALIVE. SAYS ADMIN HAS "SUBSTANTIVE INTELLIGENCE DATA" INDICATING VIETS, WHO KEPT THOROUGH WAR RECORDS, KNOW LOCATION OF REMAINS OF 400 AMERICANS, BUT HAVE BEEN STALLING ON THEIR RECOVERY BECAUSE OF US OPPOSITION TO VIET INVASION OF CAMBODIA/BECAUSE OF PRO-CHINA POLICY OF RECENT US ADMINS. BUT, LETHWAITE REPORTS, LAO -- NEVER AS ORGANIZED AS VIETS -- HAVE RECENTLY SIGNALLED CAUTIOUS WILLINGNESS CO-OP WITH US ON IDENTIFYING/RECOVERING US REMAINS. CITES RECENT TECH TALKS/NOTES THEY WERE DESCRIBED WITHOUT FURTHER DETAILS AS "CORDIAL"/"PRODUCTIVE." POINTS OUT BOTH VN/LAOS DENY ANY KNOWLEDGE OF LIVE AMERICAN CAPTIVES.

LETHWAITE QUOTES "LEAGUE OF FAMILIES'" ANN GRIFFITHS (WHO HE POINTS OUT HAS CLEARANCE TO SEE US INTELL DATA) THAT THERE "INCREASING EVIDENCE" PRISONERS MAY STILL BE HELD. NOTES SHE IS "CONVINCED PRISONERS ARE BEING HELD...TO MY MIND, THE QUESTION IS NOT WHETHER THEY ARE BEING HELD;

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THE QUESTION IS WHETHER WE ARE GOING TO BE ABLE TO GET TO THEM AND GET THEM OUT." ALSO QUOTES MIA WIFE ANN HART THAT THIS ADMIN'S ATTITUDE MUCH BETTER THAN THAT OF PREVIOUS ONES; "I AM EXTREMELY PLEASED...THEY HAVE DONE 100 PCT MORE THAN ANYONE ELSE HAS DONE." BUT, NOTES SHE ADDED, "AGAIN IT'S A MATTER OF WORDS AT THE MOMENT. IF, IN FACT, THIS ISSUE HAS THE HIGHEST NATIONAL PRIORITY, THEN I CAN'T HELP BUT FEEL THAT WE SHOULD MAKE SOME PROGRESS IN THE NEXT 3-4 MONTHS. OTHERWISE,...EITHER...IT IS NOT A MATTER OF THE HIGHEST NATIONAL PRIORITY, OR ELSE...OUR INTELLIGENCE SERVICE IS UNCLASSIFIED

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NOT VERY GOOD."

LETHWAITE OBSERVES CRITICS OF ADMIN'S APPROACH SAY IT RAISES FALSE HOPES FOR FAMILIES/IS BASED LARGELY ON REPORTS FROM REFS WHO HAVE INTEREST IN PROVIDING SORT OF INFO THEY KNOW MIGHT INTEREST US OFFICIALS; NOTES CRITICS POINT OUT NOT 1 AMERICAN HAS BEEN NAMED IN ANY SIGHTING REPORT. HOWEVER, ADDS OFFICIAL EXPLANATION IS THAT SIGHTINGS HAVEN'T INVOLVED DIRECT CONTACT OR OPPORTUNITY TO COMMUNICATE.

LETHWAITE SAYS THERE MANY THEORIES WHY VIETS MIGHT STILL HOLD US PRISONERS: AS HOSTAGES FOR AGREED UPON 3.25 MIL - DOLS IN "WAR REPARATIONS," WHICH US REFUSED PAY AFTER VN INVADED SOUTH; FOR SIMPLE REVENGE; OUT OF DESIRE PREVENT WORST-TREATED CAPTIVES FROM TELLING THEIR STORY. - -

AP (WASHTIMES NONG KHAI) QUOTES LAO GUERRILLA LEADER THAT "BO" GRITZ/ABOUT 20 GUERRILLAS SLIPPED BACK INTO LAOS FEB 7 FROM NAKHON PHANOM IN SEARCH OF AMERICANS. QUOTES- GUERRILLA LEADER THAT 20 ARMED MEN/ANOTHER RESISTANCE CHIEF, IDENTIFIED AS KEDSADONG SUWANNAVONG, ACCOMPANIED GRITZ. NOTES GUERRILLA LEADER ADDED GRITZ OPENED ACCOUNT IN THAI COMMERCIAL BANK/DEPOSITED 22,000 DOLS-FOR LATEST RAID.

LATIMES' SECTER (BANGKOK 2/21) REPORTS AMERICANS STANDERWICK/TRIMMER WILL FACE TRIAL FEB 28 ON CHARGE OF POSSESSING ILLEGAL COMMUNICATIONS EQUIPMENT. NOTES CHARGE CARRIES MAXIMUM PENALTY OF 5 YRS. OBSERVES GRITZ ASSOCIATES HAVE SAID 2 CONNECTED WITH GRITZ'S EFFORTS, BUT THEY HAVE DENIED ANY CONNECTION. UNCLASSIFIED

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SECTER (BANGKOK 2/21), IN VERY LENGTHY REPORT, DESCRIBES/QUOTES FROM LETTER TO LATIMES FROM GRITZ. NOTES WASHDC DOS OFFICIALS OPPOSE GRITZ'S MISSIONS/ADDS "THEY SAY SUCH RAIDS COULD PLACE ANY LIVING AMERICAN PRISONERS IN JEOPARDY AT THE HANDS OF-THEIR CAPTORS, MIGHT GET IN THE WAY OF ANY OFFICIAL RESCUE EFFORTS THAT ARE USING FAR BETTER RESOURCES, AND COULD HARM IMPROVING US-LAOTIAN RELATIONS, WHICH ARE THE KEY TO OBTAINING INFORMATION ABOUT MISSING AMERICANS."

SECTER NOTES GRITZ DIDN'T EXPLAIN WHETHER "POW ID" HE CLAIMS HAVE WAS FROM LIVING PERSON OR MAN LONG DEAD, - THOUGH HE ADDED: "UNTIL I CAN PERSONALLY CONFIRM-IT, IT WILL NOT BE REPORTED." SAYS GRITZ'S LETTER ALSO HINTED HE MIGHT GO INTO VN. EXPLAINS, IN DESCRIBING-VALIDITY OF HIS TRAVEL PAPERS, GRITZ SAID: "ONLY THING THAT HAS HAPPENED IS THAT WE DON'T HAVE A VISA FOR

VN...UNFORTUNATELY, TRAVEL THROUGH LAOS IS A NECESSITY, WHICH I'M SURE THE US PRESENCE IN VIENTIANE IS -- WAS -- AWARE OF. IF NOT, IT WASN'T BECAUSE WE DIDN'T INFORM EMBASSY SOURCES."

SECTER NOTES GRITZ CLAIMED CIA-DIA AWARENESS OF HIS PLANS/EQUIPMENT, AND ADDED: "SOME SPECIAL EQUIPMENT WAS FURNISHED. ASK RUSTY CAPPS, FBI-LA." LAT INSERTS STATEMENT THAT LA FBI SPOKESMAN SAID IT IMPOSSIBLE SPEAK TO CAPPS/"WE WON'T EVEN MAKE A COMMENT ON THAT." LAT ALSO QUOTES DIA/CIA DENIALS.

SECTER CITES GRITZ'S LABELING FORMER TEAM MEMBER PATTERSON AS "TOTAL FAILURE, A THIEF...A SELF-PROCLAIMED COWARD"/FOR "JEOPARDIZING" MISSION. ALSO CITES HIS CRITICISM OF "SOLDIER OF FORTUNE" MAG PUBLISHER RK BROWN FOR PRINTING PATTERSON'S ACCOUNT. QUOTES REPLY OF MAG

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CONTRIBUTING EDITOR, J MONAGHAN, WHO CLAIMED IT IS GRITZ WHO IS JEOPARDIZING POW RESCUE EFFORTS/ADDED: "I CAN'T BELIEVE ANYTHING HE SAYS." ALSO NOTES PATTERSON'S RESPONSE.

SECTER REPORTS, IN LETTER, GRITZ TOLD HOW HIS INVOLVEMENT IN POW RESCUE MISSION BEGAN, SAYING USG PROVIDED - - - IMPETUS. QUOTES LETTER: "I DID NOT GET INTO THIS BUSINESS 4 YEARS AGO OF MY OWN ACCORD. I WAS ASKED TO 'LOOK INTO THE POW SITUATION' BY EXECUTIVE BRANCH - OFFICIALS, ACTING THROUGH (THE) PRIVATE SECTOR." OBSERVES, IN PAST INTERVIEWS WITH LAT, GRITZ SAID ARMY LT

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GEN HAROLD AARON, NOW DEAD, 1ST AROUSED HIS CURIOSITY ABOUT POW'S BY TELLING HIM: "WE NOW HAVE OVERWHELMING EVIDENCE THAT AMERICANS ARE BEING HELD AGAINST THEIR WILL." SAYS GRITZ RETIRED FROM ARMY/BY '79, HE WAS TRAVELING IN ASIA FOR HUGHES AIRCRAFT CORP. NOTES GRITZ CONTENTS HIS JOB WITH HUGHES WAS ARRANGED/HE USED HUGHES "UNTIL A TARGET WAS GIVEN ME IN JANUARY 1981, WHICH LED ME TO VELVET HAMMER."

SECTER EXPLAINS THAT'S WHAT GRITZ CALLED HIS 1ST MISSION; SAYS GRITZ ASSEMBLED TEAM OF 23 AT AMERICAN CHEERLEADING ACADEMY AT FRUITLAND, FLA -- MOSTLY FORMER GREEN BERETS, BUT ALSO INCLUDING SEER/EXPERT ON HYPNOTISM. -OBSERVES SOME "VELVET HAMMER" TEAM MEMBERS QUESTIONED "SANITY" OF USING SEERS/HYPNOTISTS, AND RAISED OTHER QUESTIONS WHEN GRITZ INCLUDED TV NEWS CREW/PHOTOGRAPHER/WPOST REPORTER ART HARRIS ON TEAM. ADDS TEAM MEMBERS-RAISED EVEN MORE QUESTIONS ABOUT OPERATIONAL SECURITY WHEN GRITZ PROVIDED FLA NEWSPAPER REPORTER WITH DETAILS PUBLISHED IN ORLANDO SENTINEL/CHITRIB.

ACCORDING SECTER, GRITZ SAID HE GOT WORD NEW REAGAN ADMIN UNCLASSIFIED

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PLANNED OWN RESCUE MISSION/LEARNED USG MISSION WOULD

INVOLVE UNIT THAT ATTEMPTED FAILED HOSTAGE RESCUE MISSION IN IRAN. QUOTES GRITZ: "SO, I WAS INSTRUCTED AT THAT POINT...TO STAND DOWN, TO GO HOME." SAYS, AS GRITZ DISBANDED "VELVET HAMMER," USG SPONSORED AT LEAST 2 FORAYS INTO LAOS IN SEARCH OF POW'S, BUT EXPEDITIONS-- USING SEASIANS--FOUND NO EVIDENCE OF ANY AMERICANS HELD CAPTIVE.

HOWEVER, SECTER QUOTES GRITZ, "THEN ANOTHER SECRET INTELLIGENCE ACTIVITY APPROACHED ME SAYING THEY WANTED TO PICK UP THE ACTION. SO STARTED 'GRAND EAGLE.'" EXPLAINS GRITZ'S 2ND ATTEMPT WAS RECONN EFFORT, IN WHICH HE SENT 4 MEN TO THAILAND -- JD BATH/BEN DUNAKOWSKI/WM MACRIS/SCOTT BARNES; SAYS THEY WENT TO NAKHON PHANOM/OTHER TOWNS, VILLAGES ON THAI SIDE OF MEKONG, QUESTIONED LAO SUPPORTERS OF GEN VANG PAO -- CMDR OF HMONG HILL TRIBES THAT FOUGHT FOR CIA IN LAOS. REPORTS GRITZ HOPED HMONG MIGHT HELP HIM FIND POW'S. SAYS GRITZ TEAM MAINTAINS IT COULD COMMUNICATE BACK TO US THROUGH TELEX LINE AT US ENERGY DEPT; STATES THEY USED CODE NAME "BOHICA" -- WHICH GRITZ EXPLAINED STOOD FOR "BEND OVER, HERE IT COMES AGAIN."

SECTER REPORTS ENERGY DEPT DENIES ANY "GRAND EAGLE" INVOLVEMENT, BUT HE QUOTES DUNAKOWSKI THAT 1-2 MESSAGES WERE SENT BACK TO US USING 1 OF DEPT'S TELEX NUMBERS.

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ADDS, WHEN TEAM RETURNED TO US: \$ BARNES CLAIMED HE
CROSSED MEKONG WITH "MYSTERIOUS" AMERICAN WHO WASN'T TEAM
MEMBER/THAT THEY PHOTOGRAPHED 2 CAUCASIANS IN LAO PRISON
CAMP. NOTES BARNES CLAIMS TEAM SUBSEQUENTLY RECEIVED
MESSAGE ORDERING CAUCASIANS BE ASSASSINATED. NOTES
GRITZ/ALL OTHER MEMBERS OF HIS TEAM DENIED BARNES'
STORY. ADDS CHECK OF HOTEL REGISTERS/PHONE, TELEX
RECORDS SHOWED NO GAPS IN BARNES STAY IN BANGKOK, AND
VANG PAO SUPPORTERS IN BAN DON PHAENG VILLAGE -- WHO
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BARNES CLAIMED ACCOMPANIED HIM INTO LAOS--SAY BARNES HAD
NOT CROSSED MEKONG. OBSERVES BARNES' STORY PRINTED IN
"COVERT ACTION INFORMATION BULLETIN," WASHDC-BASED
NEWSLETTER SPECIALIZING IN PUBLICIZING INFO ABOUT US
INTELL ACTIVITIES.

SECTER QUOTES GRITZ THAT "GRAND EAGLE" OPERATION BECAME
SNARLED IN WASHDC BUREAUCRATIC TANGLE, MAINLY AMONG US
INTELL AGENCIES. QUOTES HIM: "I WAS FIRED FROM 'GRAND
EAGLE'. THE PROJECT WAS 'PUT ON THE SHELF.' BUT I JUST
COULDN'T QUIT, HAVING WORKED ON THE PROBLEM SO LONG AND

HAVING ACCESS TO INFORMATION THAT IDENTIFIED PROBABLE
TARGETS. I PUT TOGETHER 'OPERATION LAZARUS' AS A TOTALLY
PRIVATE SECTOR OPERATION TO FINISH WHAT THE BUREAUCRACY
WAS TOO CAUGHT UP IN A POLITICAL THICKET TO DO."

SECTER QUOTES GRITZ'S EXPLANATION FOR HIS ACTIONS:
"AMERICAN PEOPLE NEED TO KNOW IF THERE ARE AMERICANS
ALIVE IN CAPTIVITY, AND IF SO, WHERE THEY ARE AND WHO
THEY ARE. I AM NOT A FANATIC. I MAY NOT BRING HOME
AMERICANS, BUT I INTEND TO BRING HOME AN ANSWER."

3. THAILAND/NARCOTICS

REUTER (2/18) SAYS THAI PARLIAMENT FRI TOOK 1ST STEP
TOWARD AMENDING CONSTITUTION TO PROLONG INFLUENCE OF
POWERFUL MIL IN POLITICS, PASSING BY 295-126-19 VOTE 1ST
READING OF ARMY-BACKED PROPOSAL THAT WOULD EXTEND PRESENT
LEGISLATIVE POWERS OF MIL-DOMINATED SENATE FOR ANOTHER 4
YRS. POINTS OUT UNLESS AMENDMENT PASSED, SENATE'S RIGHT
TO VOTE ON CRUCIAL BILLS AND MIL MEN'S/CIVIL SERVANTS
RIGHT HOLD CABINET POSTS WOULD EXPIRE APR 22. NOTES
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PROPOSED AMENDMENT FACES 2ND READING WEDS; IT BECAME HOT

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CHANNEL: n/a

POL ISSUE LAST MONTH AFTER SR ARMY OFFICERS WARNED MIL
MIGHT INTERVENE IF AMENDMENT NOT PASSED, REUTER OBSERVES.

NYT'S CAMPBELL (BANGKOK 2/20) SAYS RTG, WHICH HAS
OUTLAWED OPIUM POPPY CULTIVATION HAS, NONETHELESS,
DECLINED FOR NOW DESTROY THOUSANDS ACRES POPPY FIELDS,
ACCORDING SR THAI/WESTERN DRUG ENFORCEMENT OFFICIALS.
NOTES ERADICATION OF OPIUM CROPS IS MAJOR PART OF REAGAN
ADMIN'S DOMESTIC/INTL CAMPAIGN ANNOUNCED LAST FALL
AGAINST ILLICIT DRUGS.

CAMPBELL SAYS RTG CALLS POPPY ERADICATION 1 OF SEVERAL
WEAPONS AGAINST NARCOTICS, BUT ADDS SR THAI OFFICIALS
INDICATED IN INTERVIEWS THIS MONTH THAT ESSENCE OF THAI
POLICY IS TO ENCOURAGE MOUNTAIN TRIBESMEN PLANT
SUBSTITUTE CROPS BEFORE DESTROYING POPPY FIELDS. STATES,
DESPITE REAGAN ADMIN'S URGING/SUCSESSES OF ERADICATION
PROGRAMS IN INDIA/CHINA/TURKEY/ELSEWHERE, THAIS SAY THEIR
HILL TRIBES HAVE CULTIVATED OPIUM FOR GENERATIONS/MIGHT
STARVE IF SUDDENLY DEPRIVED OF CASH. OBSERVES THAI
OFFICIALS ALSO POINT OUT THAT IN '60'S, RTG EFFORTS MOVE
TRIBAL VILLAGES AWAY FORM AREAS OF COMMUNIST INSURGENCY
CAUSED SOME TRIBESPEOPLE JOIN WITH INSURGENTS.

CAMPBELL QUOTES GOV OF CHIANG MAI PROVINCE THAT HE SHARES
WIDESPREAD OPINION THAT THOUGH CPT LOSING GROUND/NO
LONGER THREATENS GOVT, IT COULD RISE AGAIN IN MOUNTAINS

BY EXPLOITING DISCONTENT OVER DESTRUCTION OPIUM FIELDS.
NOTES WHEN ASKED IF THAILAND PLANNED DESTROY ITS OPIUM
FIELDS, GOV CHAIYA SAID: "NOTHING DOING...(SUCH ATTACK
WOULD BE) OUT OF THE QUESTION. IT'S EASY TO STOP PEOPLE
FROM GROWING OPIUM, BUT WHAT ARE YOU GOING TO DO WITH
HALF A MILLION MOUNTAIN TRIBESMEN?" QUOTES SEC GEN OF
THAILAND'S NARC CONTROL BOARD, GEN CHAVALIT, THAT 300

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MOUNTAIN VILLAGES, INCLUDING ABOUT 100,000 VILLAGERS,
DIRECTLY DEPEND ON OPIUM CROPS.

CAMPBELL OBSERVES THAILAND'S HOMEGROWN OPIUM IS
COMPARATIVELY SMALL PART OF AMOUNT GROWN THROUGHOUT
GOLDEN TRIANGLE; NEVERTHELESS, SAYS THAILAND'S
CONTRIBUTION REMAINS SIGNIFICANT/AT LEAST 1 REAGAN ADMIN
OFFICIAL, INM'S DICARLO, HAS CRITICIZED RTG FOR FAILURE
DESTROY OPIUM IN FIELDS.

CAMPBELL QUOTES CHAVALIT THAT "THAI GOVT HAS THE
INTENTION NOT TO ALLOW THE PRODUCTION OF THESE DRUGS, BUT
WE HAVE TO DO IT OUR OWN WAY. WE CAN'T BE DICTATED TO BY
MR DIACARLO. IF WE KEEP HITTING PEOPLE WHO DON'T HAVE

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ENOUGH TO EAT, WE WILL HAVE HUGE PROBLEMS. IF WE HAVE THEM ARRESTED, WHERE WILL WE PUT THEM?"

CAMPBELL SAYS RTG EMPHASIZES SUBSTITUTION PROGRAMS RATHER THAN ERADICATION. ADDS, IN OTHER RECENT ANTI-NARC EFFORTS, RTG HAS STEPPED UP ITS BLOCKING OF SOME 3/4 OF GOLDEN TRIANGLE'S HEROIN WHICH PASSES THROUGH THAILAND ON WAY TO HK/HAS CRACKED DOWN ON REFINERIES ALONG THAI-BURMA BORDER. NOTES MANY THAI OFFICIALS SUGGEST COST/EFFORT OF DESTROYING OPIUM WOULD BE MORE THAN IT'S WORTH. SAYS OFFICIAL CORRUPTION NOT THOUGHT TO PLAY PART IN RTG'S POLICY AGAINST ERADICATION.

ACCORDING CAMPBELL, SOME US OFFICIALS HAVE EXPRESSED SYMPATHY FOR THAILAND'S POSITION. NOTES ATTY GEN SMITH, AFTER TALKS WITH THAI OFFICIALS LAST OCT, SAID IT "JUST NOT REALLY FEASIBLE TO DO SOME OF THE THINGS THAT MIGHT, FROM A DISTANCE, SEEM TO BE THE OBVIOUS THING TO DO--LIKE MARCH THROUGH THE HILLS AND PULL UP THE POPPY PLANTS."

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HOWEVER, CAMPBELL ADDS, DICARLO IN DEC 14 TESTIMONY BEFORE HOUSE JUDICIARY SUBCMTE, EXPRESSED LESS PATIENT VIEW/STATED RTG'S CROP SUBSTITUTION PROGRAM HAS HAD "LIMITED SUCCESS" IN REDUCING NUMBER ACRES PLANTED WITH OPIUM/THAT RTG "HAS YET TO TAKE EFFECTIVE ACTION IN ENFORCEMENT OF THE OPIUM GROWING BAN." ALSO QUOTES SR WESTERN NARC OFFICIAL THAT HE'S "PERSONALLY CONVINCED THAT THE THAIS COULD ERADICATE ALL THE OPIUM IN THAILAND IN 1 SEASON IF THEY WANTED TO." NOTES OFFICIAL SAID-HE

SYMPATHIZED WITH ARGUMENTS THAT DESTRUCTION MIGHT ALIENATE SOME TRIBESPEOPLE, BUT HE THOUGHT FEARS EXAGGERATED/COMPLEXITY OF ENSURING THEIR WELFARE OVERSTATED.

4. AUSTRALIA

REUTER (2/18) REPORTS REAGAN HAS SENT FRASER MESSAGE EXPRESSING SYMPATHY/CONCERN FOR FOREST FIRES WHICH SWEEPED VICTORIA/S AUSTRALIA, ACCORDING DOS FRI. QUOTES SPOKESMAN HUGHES: "THIS IS TRULY A DISASTER AND WE ARE FOLLOWING IT CLOSLEY." NOTES HE ADDED THAT NESEN, ON BEHALF OF USG, MADE IMMEDIATE EMERGENCY RELIEF DONATION OF 20,000 DOLS TO AID FIRE VICTIMS/THAT EMB ALSO NOTIFIED AUSSIE NATL DISASTERS ORG THAT EMB'S PILOT/PLANE PREPARED ASSIST IN ANY MANNER REQUIRED.

5. PHILIPPINES

AP (PHINQ/NYT)/REUTER (CHITRIB/WASHTIMES)/CSM.(ALL MANILA

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2/22) REPORT MARCOS MON DESCRIBED VIRATA AS HIS MOST
LIKELY SUCCESSOR/AFFIRMED IMELDA WOULD NOT TAKE JOB.

AP REPORTS MARCOS SAID PM, THOUGH
OBSTINATE/NON-POLITICAL, MIGHT BE WHAT COUNTRY NEEDS.
SAYS IN INTERVIEW MARCOS STATED IF HE DIED OR BECAME
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DISABLED BEFORE END OF TERM IN '87, VIRATA WOULD HAVE
SUPPORT OF CABINET/MIL/IMELDA. NOTES PRES ADDED HE ALSO
BELIEVED VIRATA COULD WIN PRES ELECTION. QUOTES MARCOS
THAT ENRILE/LABOR MIN OPLE WOULD ALSO LIKE BE PM/THAT
THEY AND OTHER CABINET MEMBERS MIGHT GET CHANCE; BUT
CURRENT ECON CRISIS MAKES IT NECESSARY KEEP FINMIN VIRATA
IN POST. NOTES RE IMELDA HE SAID: "IF I LEAVE OFFICE,
THE 1ST LADY WILL ALSO LEAVE OFFICE; BUT THE PRIME
MINISTER MAY NEED HER HELP IF I'M NOT HERE, AND SHE HAS
AGREED TO HELP WHOEVER IS THE PRIME MINISTER." ADDS
MARCOS SAID PEOPLE WERE OFTEN MISTAKEN ABOUT IMELDA'S
INTENTIONS, NOTING WHILE MANY SEE HER AS AMBITIOUS,
"TRUTH IS SHE'S WORKING HARD BECAUSE SHE'S MY WIFE. SHE
IS NOT THE TYPE WHO WOULD WANT TO BE PRESIDENT."

REUTER ADDS MARCOS'S RULING KBL PARTY HAS ALSO AGREED
SUPPORT VIRATA. NOTES PRES GAVE NO INDICATION IN
INTERVIEW HE PLANNED RESIGN.

UPI (WP MANILA 2/21) CITES BISHOPS' PASTORAL LETTER, READ
IN CHURCHES THROUGHOUT PHILSSUN, URGING MARCOS APPLY
GENUINE REMEDIES TO NATION'S ILLS/"NOT MERE PROMISES AND
PALLIATIVES." NOTES IT 1STTIMECATHOLIC BISHOPS CONF

HAS TAKEN TO PULPITS IN PASTORAL LETTER HIGHLY CRITICAL
OF MARCOS' RULE. SUGGESTS IT UNDERLINES GROWING RIFT
BETWEEN CHURCH/STATE. OBSERVES LETTER REJECTED VIOLENCE
AS MEANS TO ACHIEVE REFORM, HOWEVER, AND ADDED THAT REBEL
PRIESTS MUST SUFFER CONSEQUENCES OF THEIR ACTS -- BUT GOP
MUSTN'T TORTURE THEM. REPORTS MUCH OF 8-PP LETTER WAS
DEVOTED TO CRITICISM OF DEV
POLICIES/POVERTY/CORRUPTION/MIL ABUSES.

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REUTER'S LOVELL (MANILA 2/20) SAYS MARCOS MOVED SUN TO
AVERT CONFRONTATION WITH CHURCH BY MAKING FRESH APPEAL
FOR DIALOGUE ON SOCIAL/ECON PROBLEMS IN PHILS. NOTES HIS
CALL CAME ON DAY WHEN BISHOPS' LETTER, DENOUNCING

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CORRUPTION/INJUSTICE/HUMAN RIGHTS VIOLATIONS WHICH DRIVING PEOPLE TO VIOLENCE/INSURGENCY, WAS BEING READ. SAYS, IN APPARENT EFFORT DIFFUSE LETTER'S IMPACT, MARCOS ANNOUNCED HE HAS INVITED CHURCH LEADERS TO HOLD "MORE VIGOROUS DIALOGUE" ON IMPROVING FIL PEOPLE'S SOCIAL/ECON WELFARE; HE INVITED PRES OF BISHOPS CONF TO MEETING WITH CABINET MINS AT WHICH THEY WOULD DISCUSS CHURCH'S ROLE IN SOCIAL/ECON WELFARE PROGRAMS. ADDS PRES PALACE GAVE NO INDICATION, HOWEVER, WHEN THEY MIGHT MEET NOR ANY HINT OR GROUND RULES ON WHICH TALKS MIGHT BE CONDUCTED.

6. PACIFIC ISLANDS

REUTER (2/18) REPORTS DOS ANNOUNCED FRI THAT PALAU VOTED 2-1 FOR "FREE ASSOCIATION" WITH US WHEN US TRUSTEESHIP ENDS. NOTES DOS SAID US RECOGNIZED PLEBISCITE AS "VALID AND SOVEREIGN ACT OF SELF-DETERMINATION BY THE PEOPLE OF PALAU"/THAT COMPACT WILL GO TO CONGRESS FOR APPROVAL.

AP (NYT KOROR 2/19) SAYS ASSOCIATE JUSTICE OF PALAU'S SUPREME COURT HAS BARRED CERTIFICATION OF RESULTS OF LAST WK'S PLEBISCITE UNTIL LAWSUIT CHARGING VOTING IRREGULARITIES IS HEARD; BUT HE DENIED MOTION THAT PLEBISCITE COMMISSION STOP COUNTING ABSENTEE BALLOTS. REPORTS HE SAID CASE WOULD BE HEARD TUES.

7. JAPAN

REUTER (TOKYO) REPORTS JDA MIN WEDS TOLD DIET AD HOC SECURITY AFFAIRS CMTE THAT SIGNIFICANT SOVIET MIL BUILD-UP IS UNDER WAY IN FAR EAST/THAT SOVIET HAD DEPLOYED BETWEEN QUARTER AND THIRD OF ITS NUKE/CONVENTIONAL

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STRENGTH THERE, INCLUDING SS-20 MEDIUM-RANGE NUKE MISSILES. ADDS TANIKAWA REAFFIRMED GOJ OBJECTION ON SOVIET PLAN TRANSFER SOME OF ITS EURO-BASED SS-20S TO SIBERIA IF AGREEMENT WAS REACHED FOR REDUCED MISSILE DEPLOYMENT IN EURO. STATES GOJ SOURCES INDICATE ISSUE EXPECTED BE DISCUSSED AT TALKS IN BEIJING NEXT MONTH.

PHINQ'S BROOKS STATES US STEEL MAKERS ARE LIKELY REFILE UNFAIR TRADE CASE AGAINST JAPAN, SEEKING QUOTAS/SURCHARGES ON STEEL PRODUCTS. ADDS SPOKESMAN FOR BETHLEHEM STEEL/AMERICAN IRON/STEEL INSTITUTE SAID ANNOUNCEMENT ON INDUSTRY'S DECISION MIGHT BE MADE WEDS. NOTES USTR BROCK'S SPOKESMAN STATED NO NEW TALKS SCHEDULED BETWEEN BROCK/GOJ TRADE OFFICIALS, ADDING, "NOW IT'S UP TO THE STEEL COMPANIES."

WASHTIMES (TOKYO) STATES JAPANESE DOCTOR IN LETTER TO "ASAHI" TUES URGED OTHER JAPANESE DONATE FUNDS. BUT US BEEF FOR UNEMPLOYED DETROIT AUTOWORKERS IN RETURN FOR AID US PROVIDED JAPAN AFTER WW 2.

8. CHINA

REUTER (BEIJING) QUOTES GOVT SPOKESMAN WEDS THAT MARSHAL YE WILL SHORTLY OFFER RESIGNATION AS DE FACTO HEAD OF STATE, BECAUSE OF HIS ADVANCED AGE/DETERIORATING HEALTH, AND THAT MANY OF HIS DUTIES AS NPC STANDING CMTE CHRMN HAD ALREADY BEEN TAKEN OVER BY MAIN DEPUTY, PENG ZHEN.

REUTER POINTS OUT PENG ZHEN IS HIMSELF 80, BUT WILL NOT NECESSARILY ACT AS HEAD OF STATE FOR LONG/THAT UNDER NEW CONSTITUTION, STATE PRESIDENCY IS TO BE RESTORED BY NEW CONGRESS DUE IN FEW MONTH'S TIME, AND THIS WILL MAKE POST UNCLASSIFIED

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OF NPC CHRMN "LESS IMPORTANT."

REUTER (HK) NOTES COLONY'S GOVT WEDS ANNOUNCED "HEFTY INCREASES" IN TAXES ON LIQUOR/CIGARETTES/GASOLINE TO HELP DEAL WITH ITS EXPECTED BUDGET DEFICIT IN COMING YR. SAYS OTHER INDIRECT TAXATION BOOSTS INCLUDED RISES IN LEVIES ON BETTING/HOTEL ACCOMMODATIONS/DEPARTING AIRLINE PASSENGERS.

9. INDONESIA

WASHTIMES (JAKARTA) NOTES "ANTARA" TUES REPORT THAT 2 US TOURISTS, IDENTIFIED AS ROY HUSS/JANE ALLEN, ARE MISSING IN N SUMATRA. SAYS US CONSUL SM KLINGMAN, IN MEDAN, TOLD AGENCY THEY ARE MARRIED COUPLE, AGED ABOUT 55, FROM NY, SHOULD HAVE RETURNED THERE.

REUTER (JAKARTA), HOWEVER, REPORTS ANTARA GAVE NAMES OF MISSING AMERICANS AS GERARD HUSS (58)/JIM DRESSER ALLEN (55); SAID BOTH TEACHING IN NY/THAT THEIR DISAPPEARANCE

CAME TO LIGHT AFTER RELATIVES REPORTED THEY HAD NOT RETURNED HOME. NOTES US MODERN LANGUAGES PROF JOHN RAEDE MISSING IN CENTRAL SUMATRA SINCE LAST JUNE.

REUTER REPORTS AMEMB SPOKESMAN WEDS DECLINED GIVE DETAILS ABOUT HUSS/ALLEN BEYOND SAYING EFFORTS UNDERWAY, WITH GOI HELP, TO LOCATE THEM.

10. INDOCHINA

REUTER'S CAMPBELL (BANGKOK) REPORTS SRV AMB TRAN QUANG CO

TOLD NEWS CONF WEDS THAT HANOI WOULD WITHDRAW SOME OF ITS
ESTIMATED 180,000 TROOPS FROM CAMBODIA EVERY YR. IF
SECURITY CONDITIONS ALLOWED/THAT 2-DAY SUMMIT OF VIET,
LAO, CAMBODIA LEADERS IN VIENTIANE DECIDED WEDS THAT
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FURTHER ANNUAL TROOP WITHDRAWALS WOULD FOLLOW PULL-OUT OF
UNDISCLOSED NUMBER VIET SOLDIERS ANNOUNCED LAST JULY.

11. GENERAL

WP CARRIES EXCERPTS OF REAGAN SPEECH TO AMERICAN LEGION
CONVENTION TUES. RE FAR EAST, PRES SAID: "ANY DISCUSSION
OF ALLIANCES, FRIENDS, AND CONCERNS OF THE US MUST GIVE
SPECIAL ATTENTION TO ASIA." REAGAN STATED: "US-JAPANESE
RELATIONSHIP REMAINS THE CENTER-PIECE OF OUR ASIAN
POLICY. TOGETHER THE US AND JAPAN CAN MAKE AN ENORMOUS
CONTRIBUTION TO THE ECONOMIC GROWTH AND DEVELOPMENT
THROUGHOUT THE WORLD. IN ASIA ITSELF, WE CONTINUE TO
STRENGTHEN OUR PARTNERSHIP IN SUPPORT OF PEACE. PM
NAKASONE AND I AFFIRMED OUR COMMITMENT TO THIS
PARTNERSHIP" DURING HIS VISIT/SHULTZ'S VISIT TO TOKYO
"UNDERScoreD IT."

REAGAN ADDED: "OUR RELATIONSHIP WITH THE PRC IS ANOTHER
IMPORTANT ONE, NOT ONLY FOR STABILITY AND PEACE IN ASIA,
BUT AROUND THE GLOBE." SAID DURING HIS BEIJING VISIT,
SHULTZ "HAD MANY HOURS OF FRANK AND USEFUL DISCUSSIONS
WITH CHINESE LEADERS. THE MOST IMPORTANT THING TO EMERGE
FROM THESE TALKS WAS THAT, DESPITE OUR DIFFERENCES, IT IS
CLEAR THAT BOTH SIDES VALUE THIS RELATIONSHIP AND ARE
COMMITTED TO IMPROVE IT. AS WE BUILD OUR RELATIONSHIP
WITH CHINA, WE WILL NOT FORGET OUR OTHER FRIENDS IN THE
AREA. WE ARE COMMITTED TO MAINTAINING OUR RELATIONSHIP
WITH THE PEOPLE OF TAIWAN, WITH WHOM WE HAVE HAD A LONG
AND HONORABLE ASSOCIATION."

REAGAN STATED "OUR TIES WITH THE ROK REMAIN STRONG, AS
TROOPS OF OUR TWO NATIONS JOINTLY PROTECT THAT DIVIDED
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LAND AGAINST THREATENED AGGRESSION FROM THE NORTH."

RE ASEAN/ANZUS, PRES STATED: "IN SOUTHEAST ASIA, ASEAN IS
COOPERATING TO IMPROVE THE ECONOMIC, CULTURAL, AND
EDUCATION GROWTH OF THE REGION. OUR COUNTRY HAS STRONG
MUTUAL TIES WITH ASEAN AND ITS INDIVIDUAL MEMBERS. AND

THE ANZUS PACT WITH AUSTRALIA AND NEW ZEALAND IS ONE OF THE MOST SIGNIFICANT RELATIONSHIPS WE HAVE IN THE WORLD TODAY."

NYT EXCERPTS OF REAGAN'S SPEECH DID NOT INCLUDE SECTION ON ASIA.

IN SPEECH, ACCORDING WP EXCERPTS, PRES ALSO DECRIED SOVIET CHEM WEAPONS USE "AGAINST INNOCENT LAOTIANS AND CAMBODIANS."

SUN'S TREWHITT CITES SHULTZ'S TESTIMONY BEFORE SEN BUDGET CMTE. SAYS CMTE CONFIRMED MESSAGE SHULTZ HAS REPEATEDLY HEARD IN RECENT APPEARANCES: US AID/OFFICIAL SUPPORT FOR FREE TRADE ARE IN TROUBLE. SAYS SENS FRETTERED ABOUT COMPETITION FOR AGRI TRADE AGAINST SUBSIDIZED EURO PRODUCTS/FOR SUBSIDIZED FINISHED PRODUCTS FROM JAPAN.

ACCORDING TREWHITT, SEC LEFT NO DOUBT WITH CMTE MEMBERS THAT WE'RE "SERIOUS" ABOUT FIGHTING SUBSIDIZED PRODUCTS, BUT NOTES HE ADDED: "I MUST DISAGREE THAT WE WOULD PREVAIL IN A TRADE WAR. IF THAT HAPPENS WE'LL HAVE CONTRIBUTED TO A VERY BAD ECONOMIC SITUATION."

TREWHITT REPORTS SHULTZ ALSO MADE STRONG APPEAL FOR ECON SUPPORT FUNDS FOR SECURITY ASSISTANCE IN BOTH FY '83-AND '84 BUDGETS. NOTES HE MAINTAINED THAT BY EARMARKING MORE MONEY THAN REQUESTED FOR SOME COUNTRIES IN '83, CONGRESS-LEFT OTHERS SHORT.- REPORTS ADMIN PROPOSES RESTORE MUCH OF IT, INCLUDING FUNDS FOR SK/THAILAND IN SUPPLEMENTAL

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REQUESTS.

TREWHITT ADDS SHULTZ REPEATEDLY WARNED CMTE PROTECTIONISM CAN WORK BOTH WAYS/REMINDED THOSE CONCERNED ABOUT JAPANESE TRADE POLICY THAT "JAPAN IS THE LARGEST CUSTOMER THE AMERICAN FARMER HAS," PURCHASING 60 PCT OF US BEEF - EXPORTS/6.7 BIL DOLS IN US FARM PRODUCTS OVERALL LAST YR.

COMMENT AND ANALYSES

12. INDOCHINA

CSM'S QUINN-JUDGE (BANGKOK 2/22) SAYS 4 RETIRED US DIPLOS AFTER 2 WKS IN VN/CAMBODIA, HAVE CONCLUDED US INDOCHINA

POLICY IS ONE OF "SHRINKING ASSETS" -- VIETS NOT BUDGING FROM CAMBODIA OCCUPATION/KHMERS SEEM PRIZE, ABOVE ALL ELSE, STABILITY HENG SAMRIN REGIME HAS GIVEN THEM. REPORTS, IN PLACE OF PRESENT US POLICY "RECOGNIZING"

Date Printed: 10/23/1996

DOC_NUMBER: 83STATE050192

CHANNEL: n/a

(SIC) ANTI-VIET DK COALITION GOVT/SUPPORTING: LITS::
 REPRESENTATION IN US, SOME IN GROUP SUGGEST GRADUAL MOVE
 TOWARD LEAVING CAMBODIAN UN SEAT EMPTY. NOTES 4 DIPLOS
 INCLUDE 2 FORMER AMBS, JAS LEONARD (FORMER DEP USUN
 MISSION CHIEF IN LATE '70'S)/EMORY SWANK (FORMER ENVOY TO
 PP IN '70-'73), ALONG WITH ASIA HANDS PROF PAUL
 KATTENBURG OF U OF S CAROLINA/D RANARD OF WASHDC-BASED
 "CENTER FOR INTL POLICY." SAYS STARTING IN HANOI, 4
 VISITED HCM CITY/PP/CAMBODIA'S EASTERN PREY VENG
 PROVINCE/ANGKOR WAT TEMPLES.

ACCORDING QUINN-JUDGE, GROUP WAS PERHAPS MOST STRUCK BY
 PSYCHOLOGICAL SCARS LEFT ON KHMERS BY POL POT YRS.
 QUOTES GROUP MEMBER: "YOU HAVE TO BE EXPOSED TO THEIR
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STORIES 1ST-HAND TO REALIZE THAT THEY ARE DEATHLY AFRAID
 OF ANY PERTURBATION THAT MIGHT LEAD TO A RETURN OF POL
 POT. THEY HAVE HAD INSTABILITY FOR SO LONG THAT
 STABILITY MEANS EVERYTHING TO THEM." NOTES ANOTHER GROUP
 MEMBER SAID VIET SOLDIERS IN CAMBODIA WERE BEHAVING
 SELVES "EXTREMELY CAREFULLY"/SEEMED WELL ACCEPTED BY
 KHMERS. REPORTS THIRD OBSERVED THAT UNLIKE SOVIET TROOPS
 IN KABUL, WHICH MOVE IN COMPANIES, VIETS IN CAMBODIA ARE
 SEEN "SHOPPING IN MARKETS OR TRAVELING ALONG ROADS ALONE
 AND UNARMED." SAYS DIPLOS FELT, DESPITE LONG-STANDING
 KHMER-VIET ANIMOSITY, MOST KHMERS ACCEPT VIETS AS
 ESSENTIAL LINE OF DEF AGAINST POL POT/KR. ADDS SR MEMBER
 OF GROUP SUGGESTED ANY VIET MIL DISENGAGEMENT WOULD BE
 DELICATE OPERATION/THAT "TO AVOID PANIC," THEY WOULD NEED
 WITHDRAW "OVER, SAY, A 5-YEAR PERIOD." MEANWHILE,
 REPORTS THEY SAY, HENG SAMRIN REGIME HASN'T PROVEN
 ONEROUS SOCIALIST REGIME.

QUINN-JUDGE STATES DIPLOS SAID THEY FOUND LITTLE INTEREST
 IN SON SANN IN PRIVATE CHATS WITH KHMERS, BUT
 CONSIDERABLE RESENTMENT FOR SIHANOUK; REPORTS DIPLOS SAID
 MANY
 THEY SPOKE WITH WERE SURVIVING MIDDLE-CLASS
 INTELLECTUALS WHO HAD NOT FORGOTTEN "HELP SIHANOUK GAVE
 POL POT IN RECRUITING PEASANTS" FOR KHMER ROUGE AFTER HIS
 '70 OVERTHROW.

ACCORDING QUINN-JUDGE, PP REGIME'S FONMIN, HUN SEN, TOLD
 DIPLOS PP HAS NO INTENTION BROADENING GOVT BY INCLUSIONS
 OF "REACTIONARIES" POL POT/SON SANN/SIHANOUK. SAYS VIETS
 CLEARLY FEEL MORE WARMLY TOWARD PRINCE THAN THEIR KHMER
 ALLIES/FEEL PRINCE IS INCLUDED IN AMNESTY PP REGIME
 ALLIES/FEEL PRINCE IS INCLUDED IN AMNESTY PP REGIME
 OFFERED TO ANY KHMER ABANDONING CGDK. QUOTES HUN SEN
 THAT IF "REACTIONARIES" LIKE SIHANOUK SURRENDER WHILE

THEY STILL HAVE FORCES; THEY WILL RECEIVE CLEMENCY; BUT
IF THEY WAIT UNTIL FORCES HAVE DWINDLED TO NOTHING, THEY
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WILL "BE TREATED AS PRISONERS OF WAR."

QUINN-JUDGE NOTES HUN SEN ALSO HAD TOUGH WORDS ABOUT REF
CAMPS CONTROLLED BY COALITION. SAYS PP'S FONMIN,
REFERRING TO NONG CHANG CAMP OVERRUN BY VIETS WHILE
DIPLOS WERE IN VN, ASKED: "IS THIS A REFUGEE CAMP OR A
SANCTUARY FOR REACTIONARIES?" QUOTES HIM THAT PP REGIME
"RESERVED THE RIGHT TO DESTROY REACTIONARIES."

QUINN-JUDGE DESCRIBES SRV'S THACH AS LESS MENACING, BUT
EQUALLY UNBENDING. NOTES GROUP MEMBER "GOT THE
IMPRESSION THAT THE VIETNAMESE WILL STICK TO PRESENT
POSITION FOREVER." ADDS THEY DESCRIBED VIET FONMIN AS
"HARD AND THEATRICAL." REPORTS 4 AMERICANS SAID THEY
RAISED ISSUE OF "RE-EDUCATION CAMPS" SEVERAL
TIMES/EXPRESSED DISSATISFACTION WITH "ORCHESTRATED"
ANSWERS THEY RECEIVED. ADDS THEY WERE ALSO DENIED
PERMISSION VISIT SUCH CAMP, THOUGH OTHER VISITORS HAVE
BEEN GRANTED OPPORTUNITY. QUOTES GROUP MEMBER THAT THACH
TOOK HARD LINE, SAYING 90 PCT OF PEOPLE IN CAMPS WERE
GUILTY OF CAPITAL OFFENSES/SRV WAS THUS SHOWING CLEMENCY
BY NOT PUTTING THEM ON TRIAL. REPORTS WHEN 1 AMERICAN
SUGGESTED INTL COMMISSION TO EXAMINE ISSUE, ANOTHER VIET
OFFICIAL RETORTED THIS WOULD BE "INTERFERENCE IN VN'S
INTERNAL AFFAIRS." HOWEVER, NOTES JUSTICE MIN PHAN HIEN
TOLD GROUP SRV WAS CONSIDERING RELEASING DETAINEES INTO
CUSTODY OF LOCAL WOMEN'S/YOUTH UNION CHAPTERS FOR
"RE-EDUCATION IN PLACE" IN THEIR HOME AREAS.

QUINN-JUDGE REPORTS GROUP, THOUGH UNHAPPY WITH
"RE-EDUCATION," WAS SKEPTICAL OF DOS CLAIMS VN IS WORST
PLACE IN WORLD TO LIVE, IN HUMAN RIGHTS TERMS--WITH 1
MEMBER SUGGESTING THAT WAS "POLITICAL JUDGEMENT." ADDS
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DIPLOS WERE IMPRESSED BY CALIBER OF SOME VIET OFFICIALS,
THACH/PHAN HIEN FOR EXAMPLE; BUT NOTES THEY WERE STRUCK
BY ABSENCE OF "AMERICANOLOGISTS" IN VN, THOUGH THERE
SINOLOGISTS/SOVIETOLOGISTS. "THEY SEEM TO HAVE GIVEN UP
ON US."

QUINN-JUDGE REPORTS GROUP CONCLUDED US POLICY OF DIPLO
ISOLATION/ECON PRESSURE ON VN NOT WORKING/CAMBODIA POLICY

IS ACHIEVING EFFECTS OPPOSITE TO THOSE SOUGHT. QUOTES 1:
 "OUR PRESENT POLICY IS TRYING TO MODIFY THE NATURE OF THE
 PHNOMPENH GOVT. BUT BECAUSE OF ISOLATION, THE GOVT IS
 TURNING INTO ANOTHER VIETNAM. KHMERS ARE BEING TRAINED

IN EASTERN EUROPE AND VIETNAM, AND THERE ARE NO
 MITIGATING FACTORS; THE US IS UNABLE TO OFFER ANY
 ALTERNATIVES." SAYS GROUP MEMBERS SAID THEY WOULD LIKE
 SEE "MEASURED MOVE AWAY FROM THE PRESENT POLICY." QUOTES
 1 FORMER AMB THAT US SHOULD "QUIETLY URGE" ASEAN "MOVE
 GENTLY" TOWARD EMPTY UN SEAT, TO OCCUR PERHAPS 1-2 YRS
 FROM NOW. ALSO QUOTES DIPLO THAT AFTER VISITING
 KPNLF-CONTROLLED REF CAMP ON THAI-CAMBODIA BORDER, HE
 FEELSHISTORY REPEATING SELF/"WE ARE SUPPORTING A GROUP
 OF KHMERS WHO HAVE EVEN LESS HOPE OF SUCCESS THAN LON NOL
 DID."

13. AUSTRALIA

BRIEF CSM EDIT (2/22) SAYS AUSTRALIA CAN PROBABLY ITSELF
 HANDLE MASSIVE RELIEF/RECONSTRUCTION WORK REQUIRED IN
 AFTERMATH OF BRUSH FIRES WHICH DEVASTATED AREAS OF S
 AUSTRALIA/VICTORIA. BUT ADDS AUSSIES SHOULD KNOW THEY
 HAVE SYMPATHY OF THEIR FRIENDS OVERSEAS/CAN COUNT ON
 HELP, IF THEY NEED IT, TO RESTORE AREAS AFTER BLAZE WHICH
 TOOK MANY LIVES/DESTROYED MORE THAN 2000 HOMES.

14. BURMA

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UPI (WASHTIMES RANGOON 2/21) SAYS IT HAS BEEN SO GRADUAL
 AS TO GO NEARLY UNNOTICED, BUT US FON POLICY HAS SCORED
 SUCCESS IN ISOLATIONIST BURMA, MAINLY -- IN 1 DIPLO'S
 WORDS -- BY "SITTING BACK AND LEAVING THE DOOR OPEN."
 NOTES NEW US AID PROGRAM, 1ST IN 20 YRS, HAS "GONE SO
 WELL IT ALREADY IS EXPANDING."

ACCORDING UPI, OFFICIAL BURMESE PRESS HAS TONED DOWN ITS
 ONCE OBVIOUS ANTI-AMERICANISM. OBSERVES THERE HAS ALSO
 BEEN SHARP INCREASE IN NUMBER BURMESE STUDENTS GOING TO
 US. REPORTS US BUSINESSMEN ARE ALSO FINDING SLIGHTLY
 WARMER WELCOME IN BURMA.

UPI RECALLS DURING DIFFICULT TIMES SINCE '62 TAKEOVER BY
 NE WIN, US POLICY REMAINED LOW-KEYED/PATIENT/FLEXIBLE.
 QUOTES RETIRED DOS OFFICIAL: "WE WERE ABLE TO MAKE MOST
 POLICY ON THE PROFESSIONAL LEVEL. THERE WAS NO BURMA
 LOBBY, NO REPRISALS FOR HAVING LOST BURMA, AND HIGH-LEVEL
 ATTENTION WAS DOMINATED BY EVENTS IN VIETNAM." HOWEVER,-
 ACCORDING UPI, BURMA'S BORDERS WITH CHINA/THAILAND, ITS

UPI SUGGESTS IT WASN'T UNTIL BURMA FACED MAJOR ECON/POL DIFFICULTIES IN MID-'70'S THAT IT EVEN APPROACHED OPEN US DOOR. SAYS SRUB DECISIONS PUT STATE-OWNED INDUSTRIES ON PROFIT BASIS/ONCE AGAIN SEEK OUTSIDE DEV AID SET STAGE BY '78 FOR MODEST IMPROVEMENT IN RELS. NOTES 1ST US AID PROJECT WAS MODEST 5-MIL-DOL HEALTH CARE PROGRAM WHICH BY '83 HAS REACHED INTO MORE THAN 14,000 VILLAGES/TRAINED MORE THAN 15,000 VOLUNTEER HEALTH WORKERS/MIDWIVES. SAYS UNCLASSIFIED

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UPI CONCLUDES BY NOTING GUB STILL REJECTS ALL FOM INVESTMENT AS MATTER OF PRINCIPLE. BUT QUOTES DIPLOS THAT, WITH ITS WEALTH OF NATURAL RESOURCES/HIGHLY LITERATE WORK-FORCE, IT HAS POTENTIAL FOR RAPID ECON GROWTH IF GOVT POLICIES CHANGE.

15. CHINA

STLPOST-DISPATCH (2/12 EDIT) OBSERVES SHULTZ'S SUCCESS
"WAS MIXED" IN CHINA--"HARDEST AND MOST IMPORTANT" STOP
OF HIS TRIP. SAYS WHILE CHINESE ANGRY OVER TEXTILE
SITUATION, TAIWAN PROVED MORE EMOTIONAL ISSUE. OBSERVES
SEC, WALKING "NARROW LINE," PUBLICLY RECOGNIZED THIS IS
"STICKING POINT" IN SINO-US RELS, BUT HE REITERATED AUG
17 COMMUNIQUE--(POST-DISPATCH ADDS, PARENTHETICALLY, THAT
SHULTZ'S STATEMENT "IS NOT CONTRADICTED" BY REPORT US IS
SELLING TAIWAN F-104'S, SINCE SALE PERMISSIBLE UNDER
CHINA ACCORDS, PLANES BEING OF TYPE ALREADY FLOWN BY
ISLAND'S AIR FORCE.)

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POST-DISPATCH NOTES, IN SUMMARY, SEC CALLED HIS BEIJING TALKS "SUCCESS" BECAUSE THEY ACHIEVED BETTER UNDERSTANDING OF VARIOUS POSITIONS. COMMENTS: "IN OTHER WORDS, THE US AND CHINA AGREED TO DISAGREE. AS MEASURED AGAINST THE SUCCESS RATES OF OTHER RECENT US DIPLOMATIC EFFORTS, MR. SHULTZ'S OPINION MAY BE CORRECT."

IN 2/1 EDIT, POST-DISPATCH LABELS "AN ENCOURAGING SIGN" ADMIN'S ANNOUNCEMENT IT CANNOT OFFER CO-OP WITH PRC ON NUKE TECHNOLOGY BECAUSE CHINA IS NOT NPT SIGNATORY. MAINTAINS THIS DECISION IS "RIGHT ONE"; UNTIL BEIJING SIGNS TREATY/ACCEPTS VERIFIABLE SAFEGUARDS FOR ITS NUKE PROGRAM, US CANNOT ENTER INTO CO-OP ARRANGEMENTS WITH IT WITHOUT VIOLATING SPIRIT, IF NOT LETTER, OF OUR OWN LAWS, AS WELL AS OF NPT.

16. JAPAN

LAT'S JAMESON (TOKYO 2/22) STATES DEFYING DECLINE IN PUBLIC SUPPORT/CRITICISM FROM INSIDE LDP, NAKASONE IS PRESSING PERSONAL CAMPAIGN BROADEN JAPAN'S CONTRIBUTION TO ITS US DEF ALLIANCE. ADDS IT HAS BECOME VIRTUALLY ONE-MAN EFFORT MAKE MST MORE OF TWO-WAY ALLIANCE THAN IT EVER HAS BEEN BEFORE. INDICATES, IN ADDITION TO GOALS STATED DURING US VISIT, PMS HAS BEEN LISTING NEW ACTIONS JAPAN WOULD BE WILLING TAKE WHICH, WHILE RELATED TO OWN DEF, WOULD HELP US AS WELL: FEB 4, PM DECLARED JAPAN WOULD ACT ON OPEN SEAS PROTECT US NAVAL VESSELS COMING TO JAPAN'S ASSISTANCE IF UNDER ATTACK; FEB 8, NAKASONE OFFERED STRONGER BACKING THAN EVER TO IDEA JAPAN'S DEF INEVITABLY LINKED TO US SECURITY RATHER THAN BEING SOLELY CONCERNED WITH ISOLATED AGGRESSION ITSELF--PREVALENT --- UNCLASSIFIED

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NOTION IN JAPAN. - NOTES, ELABORATING ON WASHDC DECLARATION US/JAPAN SHARE "COMMON DESTINY," PM DESCRIBED JAPAN'S SECURITY/THAT OF US, AS PART OF SYSTEM OF CONCENTRIC CIRCLES.

ACCORDING JAMESON, PM'S FIRMEST EXPRESSION OF HIS DETERMINATION CONTINUE EFFORT FIRM UP ALLIANCE CAME SAT IN DIET WHEN HE DECLARED UNDER SPECIAL CIRCUMSTANCES JAPAN WOULD LET US SEAL KEY JAPANESE STRAITS TO BOTTLE UP SOVIET NAVY. NOTES DECLARATION CREATED FUROR--OPPOSITION. MAJOR PAPERS SAID IT THREATENED

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ENTANGLE JAPAN IN SOVIET-AMERICAN WAR THAT MIGHT OCCUR. POINTS OUT NAKASONE HAD VOLUNTEERED STATEMENT GOING BEYOND PERFUNCTORY RESPONSE CALLED FOR BY HOSTILE QUESTION; ITS TIMING ESPECIALLY SIGNIFICANT, SINCE ON SAME MORNING "ASAHI" HAD PUBLISHED RESULTS OF POLL SHOWING NAKASONE'S POPULAR SUPPORT HAD FALLEN 8 PCTAGE POINTS IN 2 MONTHS. NOTES, IN ADDITION, SUZUKI/KOMOTO CRITICIZED HIS ACTIONS/STATEMENTS ON DEF.

JAMESON ALSO REVEALS AS PM SPOKE IN DIET, HE SUFFERED ANOTHER BLOW IN BEIJING: ZHAO TOLD VISITING -LDP SEC-GEN

NIKAIDO JAPAN SHOULD AVOID BOLSTERING ITS DEF IN WAY THAT WOULD AROUSE ASIAN NEIGHBORS' FEARS. REMARKS BECAUSE NIKAIDO WAS SENT AS NAKASONE'S SPECIAL ENVOY OFFER

PRECISELY THAT ASSURANCE, CHINESE ADMONITION AMOUNTED TO SLAP IN PM'S FACE. NOTES ALSO ZHAO CRITICIZED LOAN AGREEMENT TO SK, TELLING NIKAIDO HE BELIEVES LOANS WILL BE DETRIMENTAL TO STABILITY ON KOREAN PENINSULAR.

JAMESON THINKS NAKASONE'S CONTROVERSIAL INITIATIVE HAS UNDERScoreD WIDESPREAD RELUCTANCE OF BROAD SEGMENT OF JAPANESE PUBLIC COMMIT ITSELF FIRMLY TO CLOSER US ALLIANCE.

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NYT'S SERRIN (2/22) SUGGESTS REMARKS MADE BY GM/TOYOTA SUGGEST FIRMS MIGHT BE EXTREMELY TOUGH IN-DEALING WITH UNION, BUT ALSO MAY ILLUSTRATE SIMPLE CONFUSION THAT CAN RESULT FROM SUCH VENTURES, AMONG WHICH ARE DIFFERENCES IN LANGUAGE/CUSTOM/INTERPRETATION OF LABOR LAW. CITING SMITH'S STATEMENT THAT CONFUSION OVER WHETHER UAW WORKERS WOULD BE HIRED WAS DUE TO "TRANSLATION" PROBLEM, SERRIN SAYS QUESTIONS REMAIN UNANSWERED: IF UAW TO BE BARGAINING AGENT, WHY DID TOYOTA/GM EXECS SEEM GO OUT OF WAY ANGER UNION OR, AT BEST, CONFUSE SITUATION? IF HARMONIOUS LABOR RELS ARE GOAL, WHY WERE UNION LEADERS NOT PARTNER AT FREMONT SIGNING CEREMONIES? SUGGESTS IT WOULD APPEAR TOYOTA/GM ATTEMPTING, BY TOUGH TALK, SEE WHAT THEY CAN WIN--MAY BE ATTEMPTING WIN MORE FLEXIBLE WORK RULES PERMIT INTRODUCTION JAPANESE PRODUCTION METHODS.

UPI (WASHTIMES 2/21) WEIGHS PROS/CONS OF AUTO VENTURE, NOTING NOT EVERYONE HAPPY ABOUT DEAL, CITING BELIEF BY SOME TOYOTA DOING THIS ALMOST ENTIRELY FOR POL, NOT FIN REASONS--TO DAMPEN PROTECTIONIST SENTIMENT. ADDS OTHERS DISAGREE, SAYING VENTURE ABOVE ALL, IS ECON VENTURE, THAT NEITHER GM NOR TOYOTA IS CHARITY, THAT TOYOTA NOT ABOUT GIVE AWAY SMALL BRAND NEW CAR IN HOPE IT STIFLES

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DOC_NUMBER: 83STATE050192

CHANNEL: n/a

PROTECTIONISM. ASSERTS WHILE TO/OPA MAY NOT HAVE
BARGAINED FOR UNEASY RELATIONSHIP WITH UAW, IT MAY END UP
WITH ONE IF IT ACTS TOWARD UNION IN SAME "ROCKY WAY" GM
HAS IN PAST.

SHULTZ

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*** Current Classification *** UNCLASSIFIED

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AUGUST 5-7, 1988

THIS REVIEW COVERS THE ESTABLISHMENT PRESS (GOVERNMENT-INFLUENCED; AROUND ONE MILLION CIRCULATION) AND THE OPPOSITION PRESS (NORMALLY WEEKLIES). BOTH CATEGORIES REFLECT THE INCREASING INDEPENDENCE OF THE EGYPTIAN PRESS. THE OPPOSITION PAPERS ARE NOT ONLY LIMITED IN CIRCULATION (10,000-60,000, EXCEPT FOR THE WIDER CIRCULATION AL-WAFD), BUT ALSO WIDELY RECOGNIZED AS IRRESPONSIBLE. NONETHELESS, THEIR STORIES FORM PART OF

Date Printed: 11/25/1996

DOC NUMBER: 88CAIRO18577

CHANNEL: n/a

THE CAIRO RUMOR MILL; THEY CAN PROMPT DEFENSIVE GOVERNMENT
ACTION AND INSPIRE PARALLEL STORIES IN THE ESTABLISHMENT
PRESS.

HIGHLIGHTS

-- EGYPT INFORMS THE US OF ITS CONDEMNATION OF ISRAELI
EXPULSION OF PALESTINIANS.

-- ARAFAT SENDS A MESSAGE TO ABDEL MEGUID THROUGH THE PLO
REPRESENTATIVE IN CAIRO.

-- AKHBAR EL-YOM EDITOR WRITES THAT HUSSEIN'S MOVE WILL
FORCE THE PLO TO RECOGNIZE JORDAN'S IMPORTANCE.

-- ACTIVATION OF EGYPTIAN-SOVIET INDUSTRIAL COOPERATION.

-- OPPOSITION AL-WAFD REPORTS JORDAN DID NOT INFORM EGYPT
OF ITS DECISION TO CUT TIES WITH THE WEST BANK, WHILE
NASSERIST OPPOSITION SAWT AL-ARAB ACCUSES HUSSEIN OF
CONSPIRING AGAINST THE PALESTINIANS.

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-- AL-WAFD EDITOR PRAISES TUNISIAN PRESIDENT BEN ALI FOR
HIS COMMITMENT TO DEMOCRACY.

ESTABLISHMENT PRESS: INTERNATIONAL NEWS

1. EGYPT/ISRAEL. AHRAM AUGUST 5 REPORTS EGYPTIAN
AMBASSADOR IN WASHINGTON ABDEL RA'OUF EL-REEDY INFORMED
DEPUTY SECRETARY WHITEHEAD OF EGYPT'S CONDEMNATION OF
CONTINUED ISRAELI EXPULSION OF PALESTINIANS. WHITEHEAD
AFFIRMED THAT THE US HAD NOTIFIED ISRAEL OF ITS REGRET AND
DISAPPROVAL AT SUCH MEASURES WHICH CONFLICT WITH HUMAN
RIGHTS PRINCIPLES. PAPERS AUGUST 7 REPORT WHITEHEAD SAID
THAT THE PARTICIPATION OF A SEPARATE PALESTINIAN
DELEGATION MIGHT NOW BE NECESSARY IN ANY PEACE TALKS WITH
ISRAEL AFTER KING HUSSEIN HAS SEVERED LINKS BETWEEN JORDAN
AND THE WEST BANK. AKHBAR NOTES THAT THE STATE DEPARTMENT
EXPRESSED ITS DEEP SORROW FOR THE DEATH OF AN ELDERLY
PALESTINIAN AMERICAN IN THE WEST BANK BECAUSE OF ISRAELI
ARBITRARY MEASURES. AKHBAR'S COLUMNIST ABDEL SALAM DAWOUD
AUGUST 5 ATTACKS THE "HIDEOUS CRIME" AND THE STATE
DEPARTMENT'S REACTION BY WRITING THAT HAD THE AMERICAN NOT
BEEN OF PALESTINIAN ORIGIN, THE US WOULD HAVE TAKEN
ANOTHER STAND OTHER THAN CONSIDERING THE VICTIM. A

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WORTHLESS HUMAN BEING.

2. MESSAGE FROM ARAFAT. ALL PAPERS AUGUST 5 REPORT FOREIGN MINISTER ABDEL MEGUID RECEIVED PLO REPRESENTATIVE IN CAIRO SAID KAMAL, WHO HANDED TO HIM AN URGENT MESSAGE FROM ARAFAT ON THE CONDITIONS IN THE OCCUPIED TERRITORIES AND THE LATEST DEVELOPMENT ON THE PALESTINIAN SCENE IN THE LIGHT OF JORDAN'S RECENT DECISION. AKHBAR AUGUST 7 NOTES

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AMCONSUL JERUSALEM
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TAGS: PREL, PGOV, PINS, ECON, EG, US

SUBJECT: WEEKEND CAIRO PRESS REVIEW, AUGUST 5-7, 1988

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THAT EGYPT COLLECTED MEDICINES FROM PUBLIC AND PRIVATE
SECTOR PHARMACIES AND SENT THEM TO THE VICTIMS OF THE
PALESTINIAN UPRISING. SEPARATELY, PAPERS NOTE THAT KING
HUSSEIN OF JORDAN WILL VISIT EGYPT AND OTHER ARAB
COUNTRIES WITHIN THE COMING FEW DAYS TO DISCUSS THE RECENT
JORDANIAN MEASURES.

AKHBAR EL-YOM'S EDITOR IN CHIEF IBRAHIM SAADA AUGUST 6
REVIEWS RELATIONS BETWEEN JORDAN AND THE WEST BANK IN THE
PAST AND WRITES THAT DESPITE KING HUSSEIN'S SUPPORT FOR
THE PALESTINIANS, THE PLO AND OTHER PALESTINIAN FACTIONS
NEVER STOPPED THEIR ATTACKS AGAINST HIM ON THE GROUNDS
THAT HE WAS ATTEMPTING TO REACTIVATE THE HASHEMITES' OLD
PLAN FOR A JORDANIAN-PALESTINIAN CONFEDERATION. SAADA
GOES ON TO WRITE ABOUT THE "PANIC" AND "CONCERN" OF THE
PLO AFTER KING HUSSEIN'S CUTTING TIES WITH THE WEST BANK
AND CONCLUDES BY NOTING THAT THE PLO SHOULD HAVE REALIZED
LONG TIME AGO THAT THERE IS NO SOLUTION TO THE PALESTINIAN
ISSUE EXCEPT THROUGH JORDANIAN-PALESTINIAN UNDERSTANDING,
AND UNIFYING PALESTINIAN AIMS.

AHRAM'S EDITORIALIST SALAMA AHMAD SALAMA AUGUST 7 WRITES
THAT KING HUSSEIN'S DECISION HAS LAID A HEAVY BURDEN ON
THE PLO AND FORCED IT TO FACE A SERIOUS CHALLENGE
REGARDING THE PEACE PROCESS. IN AN ATTEMPT TO LESSEN THE
IMPACT OF THIS JORDANIAN DECISION, THE US ADMINISTRATION
ANNOUNCED THAT THE DECISION WOULD NOT AFFECT SHULTZ'S
PEACE INITIATIVE. SINCE THE US ALWAYS COMES TO THE WRONG
CONCLUSIONS, IT HAS NOT YET REALIZED THAT THE JORDANIAN
DECISION IS A DIRECT RESULT OF SHULTZ'S UNSUCCESSFUL
EFFORTS TO HAVE JORDAN NEGOTIATE WITH ISRAEL ON BEHALF OF

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THE PALESTINIANS ABOUT THE FUTURE OF THE WEST BANK. BY:
MAKING THIS RECENT DECISION, KING HUSSEIN HAS DISSOCIATED
HIMSELF FROM ANYTHING THAT HAS TO DO WITH THE
PALESTINIANS, WHICH IS COMPLETELY OPPOSITE TO WHAT SHULTZ
AIMED AT THROUGH HIS SHUTTLE VISITS TO THE REGION.

3. EGYPT/USSR/ISRAEL. WAHID ABDEL MEGUID FROM AL-AHRAM'S
STRATEGIC STUDIES CENTER AUGUST 5 REFERS TO THE
IMPROVEMENT IN SOVIET-ISRAELI RELATIONS AND WRITES THAT
GORBACHEV'S NEW VIEW OF INTERNATIONAL RELATIONS, WHICH IS
BASED ON THE NEED TO REDUCE TENSIONS AND AVOID NUCLEAR
WAR, HAS LED TO A CHANGE IN THE SOVIET UNION'S TRADITIONAL
SUPPORT FOR THE ARAB POSITION IN THE ARAB-ISRAELI
CONFLICT. BECAUSE OF THE IMPORTANCE OF THE JEWS IN
AMERICA, THEIR SUPPORT FOR ARMS CONTROL, AND THEIR CONTROL
OVER ADVANCED TECHNOLOGY, GORBACHEV HAS DECIDED TO ALLOW
INCREASED JEWISH EMIGRATION AND TO EXPAND THE SOVIET
DIPLOMATIC DIALOGUE WITH ISRAEL. THIS EXPLAINS THE
LIMITED AND CAUTIOUS SOVIET SUPPORT FOR THE PALESTINIAN
UPRISING. THE EDITORIALIST CONCLUDES BY CALLING FOR
KEEPING CLOSE TRACK OF GORBACHEV'S APPROACH TO THE
ARAB-ISRAELI CONFLICT.

WEEKEND PAPERS REPORT TALKS BETWEEN THE EGYPTIAN AND
SOVIET MINING TRADE UNIONS HELD IN MOSCOW FOR 10 DAYS
ENDED AUGUST 5. AN AGREEMENT WAS SIGNED WITH THE SOVIET
SIDE TO INCREASE THE SHUBRA AL-KHEIMA GLASS FACTORIES'
PRODUCTION FROM 14,000 TO 20,000 TONS ANNUALLY. THE
SOVIET SIDE AGREED TO A PROGRAM TO TRAIN EGYPTIAN WORKERS,
ENGINEERS, AND CHEMISTS. SEPARATELY, AKHBAR AUGUST 5
REPORTS HEAD OF THE MFA INTERNATIONAL ORGANIZATIONS
DEPARTMENT AMR MUSA CONFERRED WITH HIS VISITING SOVIET
COUNTERPART ON THE MIDDLE EAST ISSUE AND THE SOVIET
UNION'S VIEWS ON INTERNATIONAL DEVELOPMENTS. AHRAM AUGUST

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7 REPORTS AN EGYPTIAN INDUSTRIAL DELEGATION WILL LEAVE FOR
 MOSCOW AUGUST 9 FOR A TEN-DAY VISIT TO DISCUSS THE
 POSSIBILITY OF SOVIET CONTRIBUTION TO INCREASING IRON AND
 STEEL PRODUCTION AND ENERGY.

ROSE EL-YOUSSEF WEEKLY PERIODICAL AUGUST 7 REPORTS THE
 DEPUTY COMMERCIAL COUNSELOR AT THE SOVIET EMBASSY IN CAIRO
 STATED THAT A THREE-DAY CONFERENCE ON EGYPTIAN-SOVIET
 INVESTMENT WOULD BE HELD IN MOSCOW IN NOVEMBER. THE
 SOVIET OFFICIAL NOTED THAT EGYPTIAN-SOVIET TALKS WERE
 BEING HELD TO SET UP JOINT PROJECTS IN THE FREE ZONE IN
 PORT SAID, INCLUDING A PROJECT FOR MANUFACTURING CAR SPARE

PARTS AND RE-EXPORTING THEM TO THE SOVIET UNION.

4. EGYPT/US. ALL PAPERS AUGUST 5 REPORT FORMER PRESIDENT CARTER MADE A STOPOVER AT CAIRO AIRPORT, WHERE HE WAS RECEIVED BY AMBASSADOR WISNER AND HEAD OF THE MFA PROTOCOL DEPARTMENT ISMAIL MUBARAK. CARTER WILL MEET WITH PRESIDENT MUBARAK AUGUST 18 DURING A TWO-DAY VISIT TO CAIRO. IN A SEPARATE ITEM, PAPERS REPORT GRAND SHEIKH OF AL-AZHAR GAD EL-HAQ ALI RECEIVED AMBASSADOR WISNER AND INFORMED HIM OF HIS CONDEMNATION OF ISRAELI "SACRILEGE AND REPRESSION" IN THE OCCUPIED TERRITORIES. SHEIKH GAD EL-HAQ CALLED UPON THE US TO PLAY A POSITIVE ROLE TOWARDS IMPORTANT ISSUES, ESPECIALLY THE ISSUES OF HUMAN RIGHTS AND RESPECT FOR HOLY PLACES AND SANCTITIES. SEPARATELY, AHAM REPORTS THE MINISTRY OF INTERNATIONAL COOPERATION IS

CURRENTLY CONDUCTING A COMPREHENSIVE FOLLOW-UP OF PROJECTS FINANCED THROUGH US AID DURING THE PERIOD BETWEEN
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1975-1986, AS WELL AS THROUGH INTERNATIONAL GRANTS AND LOANS. (AL-WAFD AUGUST 6 NOTES THAT THE US WITHDREW 1.5 BILLION DOLLARS IN AID AFTER THE GOVERNMENT HAD FAILED TO USE IT IN PROJECTS. THE GOVERNMENT HAD ALSO FAILED TO USE 6 BILLION DOLLARS IN GRANTS AND LOANS EXTENDED BY FOREIGN COUNTRIES AND INTERNATIONAL AGENCIES DURING THE PAST TEN YEARS).

5. EGYPT/AUSTRALIA. ALL PAPERS AUGUST 6 REPORT PRIME MINISTER SEDKY RECEIVED THE VISITING AUSTRALIAN MINISTER OF ENERGY, WHO SAID THAT THE AUSTRALIAN GOVERNMENT HAD PROVIDED A ONE MILLION DOLLAR GRANT FOR PREPARING STUDIES ON ESTABLISHING A GIANT COAL-OPERATED POWER PLANT IN AL-ZA'FRANA, ON THE RED SEA. AUSTRALIA ALSO AGREED TO EXTEND A TECHNICAL GRANT TO TRAIN 30 EGYPTIAN ENGINEERS AND TECHNICIANS AND ASSIST IN THE OPERATION AND MAINTENANCE OF THE PLANT. INVESTMENTS OF THE FIRST PHASE ARE ESTIMATED AT DOLLARS 1.2 BILLION.

6. EGYPT/UAE. AHAM AUGUST 5 REPORTS A JOINT TOURIST COMPANY WILL BE ESTABLISHED IN THE COMING TWO MONTHS BETWEEN EGYPT AND UAE WITH A CAPITAL ESTIMATED AT DOLLARS 20 MILLION. THE COMPANY WILL INCLUDE PUBLIC AND PRIVATE SECTOR INVESTMENTS.

7. EGYPT/IMF. AKHBAR EL-YOM AUGUST 6 QUOTES AN OFFICIAL ECONOMIC SOURCE AS AFFIRMING THAT EGYPT MAKES ITS OWN DECISIONS IN THE TALKS WITH THE INTERNATIONAL FINANCIAL ORGANIZATIONS, FOREMOST OF WHICH ARE THE IMF AND THE WORLD

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DOC_NUMBER: 88CAIRO18577

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BANK. THE SOURCE ADDED THAT MUBARAK IS PAYS CLOSE ATTENTION TO THE SOCIAL CONDITIONS OF LOW INCOME EARNERS BEFORE ISSUING ANY ECONOMIC DECREE. THE SAME SOURCE DENIED THAT THE IMF HAD ASKED THE GOVERNMENT TO STOP APPOINTING GRADUATES TO GOVERNMENT JOBS.

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TAGS: PREL, PGOV, PINS, ECON, EG, US

SUBJECT: WEEKEND CAIRO PRESS REVIEW, AUGUST 5-7, 1988

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8. TABA. WEEKEND PAPERS REPORT JUDGE SOFAER AND HEAD OF THE ISRAELI PRIME MINISTER'S OFFICE YOSEF BEN AHARON WILL ARRIVE IN CAIRO AUGUST 7 FOR THE TRILATERAL TALKS ON TABA. AHRAM AUGUST 7 QUOTES MEMBER OF THE TABA DEFENSE COMMITTEE MUFID SHIHAB AS HAVING SAID THAT THE ARBITRATION WOULD DEFINE NO NEW DEMARCATION LINES AND WOULD ONLY SETTLE THE DISPUTE OVER MARKER POINTS. SHIHAB ASSERTED THAT EGYPT HAD COPIES OF ISRAELI SCHOOL MAPS EMPHASIZING THAT TABA IS AN EGYPTIAN AREA.

DOMESTIC NEWS

9. MUSTAFA AMIN AN AMERICAN AGENT. ROSE EL-YOUSSEF'S EDITORIALIST ABDALLAH IMAM AUGUST 7 DEFENDS THE JULY REVOLUTION AND PUBLISHES PARTS OF THE INTERROGATION CONDUCTED IN 1965 WITH THEN AKHBAR'S EDITOR IN CHIEF MUSTAFA AMIN ON CHARGES OF SPYING FOR THE CIA AND WORKING AGAINST THE JULY REVOLUTION. THE EDITORIALIST WRITES AN INTRODUCTORY COLUMN UNDERLINING THAT THROUGH DAILY COLUMNS AND ARTICLES MUSTAFA AMIN HAS MANAGED -- AFTER HIS RELEASE BY SADAT UPON MEDIATION BY KISSINGER --- TO OBLITERATE FROM THE PEOPLE'S MINDS HIS ESPIONAGE "CRIME" AND REPRESENT HIMSELF AS A LOYAL, DEVOTED, PATRIOTIC NATIONALIST WHO CHAMPIONS THE CAUSES OF HIS FELLOW EGYPTIANS AND HELPS THOSE IN DISTRESS. STRESSING THAT DOCUMENTS AND TAPES PROVED BEHIND THE LEAST SHADOW OF DOUBT THE ACCUSATIONS LEVELED AGAINST MUSTAFA AMIN, IMAM ARGUES THAT SINCE MUSTAFA AMIN ADMITS THAT EGYPT IS NOW EXPERIENCING A DEMOCRATIC ERA AND INSISTS THAT HE WAS FRAMED IN 1965, THEN HE SHOULD CALL FOR BEING BROUGHT TO TRIAL AGAIN TO PROVE HIS INNOCENCE.

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10. AGRICULTURAL OUTPUT. AHRAM AUGUST 5 QUOTES AGRICULTURE MINISTER YOUSSEF WALLY AS SAYING THAT SELF-SUFFICIENCY HAS BEEN ACHIEVED IN BEANS, LENTILS,

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VEGETABLES, AND FRUITS, AND THAT AGRICULTURAL EXPORTS THIS YEAR AMOUNTED TO LE 450 MILLION, AN 18 PER CENT INCREASE OVER LAST YEAR. WALLY NOTED THAT THE WHEAT OUTPUT THIS YEAR INCREASED TO 23 BUSHELS PER FEDDAN, ADDING THAT THERE IS A PLAN TO PLANT 160,000 FEDDANS WITH WHEAT ANNUALLY AT THE EXPENSE OF CLOVER ACREAGE.

11. NEW "DELTA." AHAM AUGUST 6 QUOTES THE GOVERNOR OF NORTH SINAI AS SAYING THAT THERE IS A POTENTIAL NEW DELTA IN THE SINAI COMPOSED OF 5 MILLION CULTIVATABLE FEDDANS, OF WHICH 120,000 HAVE BEEN RECLAIMED. TWENTY DAMS TO RETAIN RAIN WATER HAVE BEEN BUILT AND 60 WELLS HAVE BEEN DUG.

12. LOANS TO YOUTH. AHAM AUGUST 6 REPORTS AGRICULTURE MINISTER WALLY WILL PRESENT TO MUBARAK A PROPOSAL FOR GRANTING YOUTH SUBSIDIZED LOANS AT AN INTEREST RATE OF 7 PER CENT TO SET UP PRODUCTIVE AND FOOD-SUFFICIENCY PROJECTS.

13. EXECUTIVE REGULATION. AHAM AUGUST 5 REPORTS THE ISLAMIC INVESTMENT COMPANIES' EXECUTIVE REGULATION TO BE ISSUED SOON WILL ALLOW FOREIGNERS TO BUY LOCAL AND FOREIGN CURRENCY DENOMINATED STOCKS BUT FORBID THEM TO ESTABLISH "CAPITAL-RECEIVING" COMPANIES. MOREOVER, THE REGULATION WILL PERMIT DEPOSITORS TO WITHDRAW THEIR FUNDS BEFORE MATURITY DATE.

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14. INDUSTRIAL SECTOR OUTPUT. AHRAM AUGUST 6 REPORTS THE MINISTER OF INDUSTRY ANNOUNCED THAT THE OUTPUT OF THE PUBLIC INDUSTRIAL SECTOR REACHED LE 11.3 BILLION IN 1987/88 COMPARED TO LE 9.5 BILLION IN THE PREVIOUS YEAR, THEREBY ACHIEVING A 12 PER CENT INCREASE. EXPORTS OF THE PUBLIC INDUSTRIAL SECTOR INCREASED BY 37 PER CENT TO REACH LE 773.4 MILLION.

15. TV NEWS. NEWS ITEMS ON TV AUGUST 6 WERE AS FOLLOWS: MUBARAK TELEPHONED SHEIKH AL-KHALIFA, BAHRAINI PRIME MINISTER, TO INQUIRE ABOUT HIS HEALTH; MUBARAK GIVES AN INTERVIEW TO THE ABU DHABI TV; IRAQI PRESIDENT SADDAM HUSSEIN DECLARES IRAQ IS READY FOR A CEASE-FIRE IF IRAN ACCEPTS DIRECT NEGOTIATIONS; ISRAELI POLICE SHOOT A PALESTINIAN IN THE WEST BANK; A PALESTINIAN DELEGATION ARRIVES IN AMMAN TO DISCUSS JORDAN'S MOVE; MURPHY ARRIVES

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IN AMMAN AUGUST 8; ISLAMIC CONFERENCE ORGANIZATION
CONDEMNED ISRAELI DIGGING OF A TUNNEL UNDER THE AQSA
MOSQUE; HOUSING MINISTER KAFRAWY DISTRIBUTES 1317 HOUSING
UNITS.

16. DOLLAR EXCHANGE RATE FOR AUGUST 7: USD 1 EQUALS PT
230.5 (BUYING) AND PT 230.1 (SELLING).

OPPOSITION NEWS

17. EGYPT/JORDAN. AL-WAFD AUGUST 5 REPORTS THAT JORDAN'S
DECISION TO CUT LEGAL AND ADMINISTRATIVE TIES WITH THE
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WEST BANK TOOK PLACE WITHOUT PRIOR CONSULTATION WITH THE
EGYPTIAN POLITICAL LEADERSHIP, AND THAT IS WHY THE
EGYPTIAN STAND ON THIS JORDANIAN MOVE WAS ANNOUNCED 48
HOURS AFTER THE ANNOUNCEMENT OF VARIOUS ARAB, PALESTINIAN,
AND INTERNATIONAL REACTIONS. AL-WAFD NOTES THAT SHULTZ'S
PEACE PLAN HAD REVEALED DIFFERENCES IN THE EGYPTIAN AND
JORDANIAN STANDS OVER PALESTINIAN REPRESENTATION, SINCE
JORDAN INSISTED ON AN INDEPENDENT PALESTINIAN DELEGATION
WHEREAS EGYPT INSISTED ON A JOINT JORDANIAN-PALESTINIAN
DELEGATION. AL-WAFD AUGUST 6 CLAIMS THAT MUBARAK WILL TRY
TO ARRANGE FOR A MEETING BETWEEN PALESTINIAN OFFICIALS AND
ASSISTANT SECRETARY MURPHY DURING THE LATTER'S VISIT TO
CAIRO.

SAWT AL-ARAB'S EDITOR IN CHIEF ABDEL AZIM MANAF AUGUST 7
CRITICIZES KING HUSSEIN OF JORDAN FOR CONSPIRING AGAINST
THE PALESTINIANS AND THE UPRISING BY HIS RECENT DECISION.
THE EDITORIALIST ACCUSES HUSSEIN OF ATTEMPTING TO PRESSURE
THE PLO INTO GIVING HIM A GREATER ROLE IN THE SETTLEMENT
PROCESS.

18. TABA. AL-WAFD AUGUST 6 REPORTS POLITICAL CIRCLES
AFFIRMED THAT THE PROCEDURAL STEPS TO RETURN TABA TO
EGYPTIAN SOVEREIGNTY WOULD BE DEFINED BY THE BEGINNING OF
NEXT YEAR AFTER THE END OF THE ISRAELI ELECTIONS.
ACCORDING TO AL-WAFD, ISRAEL IS TRYING TO DEFER THE
ISSUANCE OF THE VERDICT OF THE TRIBUNAL. EGYPT ANNOUNCED
ITS REJECTION OF THE PRINCIPLE OF JOINT ADMINISTRATION AND
OFFERED TO BUY ALL THE TOURIST ESTABLISHMENTS IN TABA.

19. EGYPT/US. AL-WAFD AUGUST 7 REPORTS THAT EGYPT IS
CURRENTLY CONSIDERING US PROPOSALS TO RESOLVE THE MILITARY
DEBT ISSUE BEFORE THE END OF PRESIDENT REAGAN'S TERM OF

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OFFICE. THE PROPOSALS INCLUDE REDUCING THE INTEREST ON THE DEBTS FROM 14 TO 7.5 PER CENT AND REPAYING THE 6.5 PER CENT DIFFERENCE AFTER 20 YEARS. EGYPT HAD REJECTED TWO

OFFERS TO OBTAIN LOANS FROM US BANKS AMOUNTING TO DOLLARS 1.5 BILLION AT AN INTEREST RATE OF 7 PER CENT WITH THE GUARANTEE OF THE DEPARTMENT OF TREASURY TO REPAY PART OF THE DEBT INSTALLMENTS. SOURCES EMPHASIZED EGYPT'S COMMITMENT TO REPAY THE INSTALLMENTS IN TIME WITH THE ASSISTANCE OF GULF COUNTRIES. THE SOURCES NOTED THAT THE US MILITARY LOANS TO EGYPT TOTAL DOLLARS 5.64 BILLION, OF WHICH 1.9 BILLION IS A NON-REIMBURSABLE GRANT.

20. THE TUNISIAN EXAMPLE. AL-WAFD EDITOR IN CHIEF MUSTAFA SHERDI WROTE AUGUST 5 IN PRAISE OF TUNISIAN PRESIDENT BEN ALI'S EFFORTS TO DEMOCRATIZE THE TUNISIAN POLITICAL SYSTEM FOLLOWING DECADES OF ONE-PARTY RULE. BEN ALI IS A PARADOX BECAUSE HE IS A SECURITY MAN WHO SUPPRESSED THE OPPOSITION FOR BOURGUIBA, BUT THEN "THREW AWAY THE STICK AND HELD UP THE OLIVE BRANCH" AFTER SEIZING POWER. ARGUING THAT MUBARAK'S PROFESSED SUPPORT FOR DEMOCRACY IN EGYPT IS CONSTANTLY UNDERMINED BY ZAKI BADR'S REPRESSION AND TORTURE OF POLITICAL PRISONERS, SHERDI CONCLUDES BY ASKING WHETHER MUBARAK WILL FOLLOW BEN ALI'S EXAMPLE AND RULE ACCORDING TO THE PRINCIPLE "GIVE THE CITIZEN HIS FREEDOM AND HUMAN RIGHTS AND HE WILL GIVE THE RULER CONFIDENCE AND PEACE OF MIND."
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-WORLDNET'S "DIALOGUE" AUGUST 5, 1988

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DAMASCUS: PLEASE PASS TO ASSISTANT SECRETARY MURPHY

(BEGIN TEXT)

ANNOUNCER: WORLDNET PRESENTS "DIALOGUE," AN UNREHEARSED
TELEVISED NEWS CONFERENCE. NOW FROM OUR STUDIOS IN
WASHINGTON, D.C., HERE IS YOUR HOST, BROADCAST JOURNALIST
PAUL DUKE.MR. PAUL DUKE: GOOD AFTERNOON AND WELCOME TO WORLDNET'S
"DIALOGUE." TODAY FOR OUR INTERNATIONAL AUDIENCE AND
PARTICIPANTS IN LONDON, VIENNA, MADRID AND OSLO, WE'LL
DISCUSS THE U.S. POLICY IN THE PERSIAN GULF. U.S. DEPUTY
SECRETARY OF STATE JOHN WHITEHEAD JOINS US LIVE FROM THE
STATE DEPARTMENT HERE IN WASHINGTON.MR. SECRETARY, TO BEGIN, I THINK WE'D LIKE TO KNOW, WHAT
IS YOUR SENSE OF THE SITUATION TODAY IN THE PERSIAN
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GULF? HOW MUCH LONGER DO YOU THINK THE U.S. IS GOING TO
REMAIN IN THAT TROUBLE SPOT?ACTING SECRETARY WHITEHEAD: WELL, WE'LL REMAIN THERE AS
LONG AS WE NEED TO, BUT WE FEEL THAT WE'RE MOVING TOWARDS
PEACE IN THE PERSIAN GULF AND TOWARDS A SETTLEMENT OF THE
IRAN-IRAQ WAR. THE DECISION BY IRAN, TWO WEEKS AGO NOW,
REPRESENTED A BREAKTHROUGH IN THE SETTLEMENT OF THAT
WAR. IRAN HAS AGREED TO ABIDE BY RESOLUTION 598 OF THE

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UNITED NATIONS SECURITY COUNCIL AND THE DETAILED
NEGOTIATIONS TOWARDS THAT END ARE NOW MOVING FORWARD AT
THE UNITED NATIONS IN NEW YORK UNDER THE SUPERVISION OF
THE SECRETARY-GENERAL.

MR. DUKE: ALL RIGHT. HAVING LAID THE GROUNDWORK WITH
YOUR STATEMENT, LET'S PURSUE THE ISSUE, THE SUBJECT, AND
GO DIRECTLY WITH OUR PARTICIPANTS -- TO OUR PARTICIPANTS
OVERSEAS.

LET ME REMIND EACH OF YOU TO IDENTIFY YOURSELVES AND YOUR
ORGANIZATIONS; ALSO TO REMEMBER THAT CREDIT FOR THIS
PROGRAM SHOULD BE GIVEN TO WORLDNET, THE TELEVISION AND
FILM SERVICE OF THE U.S. INFORMATION AGENCY.

WE'LL BEGIN WITH LONDON. GO AHEAD, PLEASE, LONDON.

QUESTION (MEDIA SERVICE SYNDICATE, LONDON): WE SYNDICATE
OUR ARTICLES TO VARIOUS NEWSPAPERS IN THE MIDDLE EAST.
SIR, IF I MAY, BEFORE GOING TO THE GULF, ASK A QUESTION
ABOUT THE MIDDLE EAST. HOW FAR WILL BE THE EFFECT OF
JORDAN'S SEVERING OF LINKS WITH THE WEST BANK BE FOR THE
FUTURE OF THE MIDDLE EAST PEACE PROCESS?

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ACTING SECRETARY WHITEHEAD: IT'S A LITTLE TOO EARLY TO
REACH ANY CONCLUSIONS AS TO THE FULL MEANING OF KING
HUSSEIN'S DECISION. THE EFFECT OF THOSE DECISIONS IS
STILL EMERGING. BUT I THINK MAYBE WE CAN SAY ONE OR TWO
THINGS.

FIRST, THE DECISION CERTAINLY DOES NOT INDICATE THAT
JORDAN IS IN ANY WAY SEPARATING ITSELF FROM THE PEACE
PROCESS. JORDAN IS A KEY TO PEACE IN THE MIDDLE EAST,
AND IT MUST AND WILL -- WE ARE SURE -- REMAIN A PART OF
THE PROCESS.

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SUBJECT: HIGHLIGHTS OF THURSDAY EVENING TV NEWSCASTS, 8/4/88
A. ABC WORLD NEWS TONIGHT

1. IRAN/IRAQ - IRAN RELEASED A VIDEO SHOWING THE KIND OF PICTURES WE CAN'T RECALL HAVING SEEN SINCE IRAN AND IRAQ BEGAN FIGHTING ALMOST 8 YEARS AGO - IRAQI FAMILIES WHO HAD BEEN ALLOWED TO VISIT THEIR SONS AND FATHERS WHO ARE BEING HELD PRISONERS BY THE IRANIANS (FOOTAGE OF IRAQIS EMBRACING THEIR LOVED ONES.) DURING THE WAR, GENERALLY THE PICTURES WE HAVE SEEN SHOW LITTLE MORE THAN PRISONERS SITTING ON THE GROUND OR BEING TAUGHT REVOLUTIONARY CHANTS OF THE OTHER SIDE. THIS IS QUITE A CONTRAST.
(PETER JENNINGS)

B. NBC NIGHTLY NEWS

1. TANKER ATTACK - IRANIAN GUNBOATS RENEWED THEIR ATTACKS ON PERSIAN GULF SHIPPING TODAY, HITTING A NORWEGIAN TANKER. IT WAS IRAN'S FIRST ATTACK IN THE GULF SINCE THE UNCLASSIFIED

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DOWNING OF THAT IRAN AIR JETLINER THREE WEEKS AGO. THERE WERE NO INJURIES TODAY, JUST MINOR DAMAGE. (TOM BROKAW)

2. WEST BANK - ANOTHER NORMAL DAY ON THE NOT SO NORMAL BRIDGE, THE ALLENBY, THAT CONNECTS JORDAN WITH THE ISRAELI-OCCUPIED WEST BANK. JORDANIAN OFFICERS INSPECTED THEIR HALF OF THE TINY BRIDGE, WHILE AN ISRAELI SOLDIER CASUALLY RETRIEVED A PASSENGER'S BAG ON THEIR SIDE. THE NORMALCY PLEASED THE HUNDREDS OF PALESTINIANS WHO CROSS

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BACK AND FORTH. ~~CLOSING THIS BRIDGE, WHICH MUSSEIN HAS NOT DONE YET, WOULD BE A DISASTER FOR WEST BANK PALESTINIANS WHO FEAR BEING ISOLATED FROM THE REST OF THE ARAB WORLD.~~

WHAT DOESN'T SEEM TO BOTHER THEM IS WHAT THE KING DID TODAY - LAYING OFF 21,000 GOVERNMENT EMPLOYEES ON THE WEST BANK. BUT THE HIGHEST RANKING MOSLEM HOLY MAN IN JERUSALEM WARNED THAT THE PLO WOULD NOT BE ABLE TO STEP IN AND MAKE UP THE DIFFERENCE. WEST BANK PALESTINIANS WANT RESULTS AFTER 8 MONTHS OF UNREST AND HARDSHIP. WITH JORDAN OUT OF THE PICTURE, THEY NOW LOOK HOPEFULLY TO THE PLO TO PRODUCE A PLAN TO MAKE THEM A FREE NATION. BUT THE PLO RISKS LOSING ITS CREDIBILITY IF IT DOESN'T DELIVER. THERE SEEMS TO BE AGREEMENT ONLY ON THIS POINT: THAT THE PLO CAN NO LONGER TREAD WATER. FROM HERE THERE ARE ONLY TWO PROSPECTS: IMMENSE SUCCESS OR CATASTROPHIC FAILURE. (MIKE BETCHER - WEST BANK)

C. CBS EVENING NEWS

1. PERU - THE PRESIDENT OF PERU SAYS HE WANTS MORE U.S. HELP AGAINST THE POWERFUL COCAINE INDUSTRY IN HIS COUNTRY, BUT HE IS HOLDING OUT AGAINST AN AMERICAN PLAN
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TO ATTACK THE COCA CROPS FROM THE AIR WITH A HERBICIDE KNOWN AS "SPIKE". (DAN RATHER)

PERUVIAN PRESIDENT ALAN GARCIA FELT THE PRESSURE YESTERDAY AS HE TOURED THE NATION'S VAST ILLEGAL COCA FIELDS. THE HUALLANCA VALLEY, NOW THE SOURCE OF HALF THE WORLD'S COCAINE SUPPLY HAS BECOME A THREAT TO THIS COUNTRY'S OWN SURVIVAL. AND NEITHER POLICE POWER NOR A U.S. PLAN TO DESTROY THE COCA CROP IS HAVING MUCH EFFECT. FIVE YEARS OF U.S. SPONSORED ERADICATION EFFORTS, MILLIONS OF DOLLARS SPENT PULLING UP COCA PLANTS LIKE WEEDS, HAVEN'T SLOWED THE COKE RUSH IN PERU.

PRESIDENT GARCIA YESTERDAY PUT OFF AN AMERICAN REQUEST TO START WIDE SCALE SPRAYING OF HERBICIDE HERE. HE'S WORRIED THE CHEMICALS ARE ENVIRONMENTALLY UNSAFE AND WANTS MORE TESTING. THIS REGION AMOUNTS TO WHAT IS THE WORLD'S LARGEST DRUG PLANTATION.

THE DRUG HARVEST THE U.S. WANTS TO STOP HERE HAS BECOME PERU'S MOST VALUABLE EXPORT INDUSTRY - EARNING MORE THAN A BILLION DOLLARS A YEAR. THE DRUG WAR HERE IS LITTLE MORE THAN A SERIES OF SKIRMISHES AND PERUVIANS ARE AFRAID THE STAKES ARE RISING. 15,000 DEAD IN THE PAST EIGHT YEARS, THE TOLL OF A TERROR CAMPAIGN BY AN UNDERGROUND

Date Printed: 11/25/1996

DOC_NUMBER: 88STATE253357

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GROUP CALL THE SENADO LUMINOSO... NOW THERE ARE SIGNS OF A DANGEROUS ALLIANCE... HALF THE COUNTRY'S PROVINCES ARE ALREADY UNDER SOME FORM OF MILITARY CONTROL. THE GOVERNMENT LATEST RESPONSE - AN ELITE NEW POLICE TRAINING FORCE AND A CALL FOR TOUGHER LAWS. THE CRACKDOWN IS RAISING DOUBTS IN A DEMOCRATIC SOCIETY. PERU'S ECONOMY IS SADDLED WITH DEBT AND SPINNING OUT OF CONTROL. INFLATION APPROACHING 400 PERCENT. "PERU STILL LOOKS LIKE A CONSTITUTIONALLY ORGANIZED COUNTRY", A FORMER GOVERNMENT OFFICIAL SAID THIS WEEK, BUT HE WARNED, "IT'S IN THE MIDST OF UPHEAVAL NOW, NOT FAR FROM ANARCHY."

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(RICHARD ROTH - LIMA)

D. MACNEIL-LEHRER

1. IRAN AIRLINER - THE U.S. GOVERNMENT IS WORKING ON COMPENSATING THE FAMILIES OF THE 290 PEOPLE KILLED IN THE IRANIAN AIRLINER TRAGEDY, BUT IT WILL TAKE TIME - THAT WARNING CAME TODAY FROM STATE DEPARTMENT LEGAL ADVISER ABRAHAM SOFAER IN CONGRESSIONAL TESTIMONY. HE SAID MUCH STILL NEEDS TO BE DONE TO OBTAIN THE PROPER INFORMATION AND LEGAL CLEARANCES NECESSARY TO MAKE THE PAYMENTS. HE ALSO WARNED AGAINST MISSTATING WHAT THE PAYMENTS MEAN. SOFAER: "THE UNITED STATES DOES NOT ACCEPT LEGAL RESPONSIBILITY FOR THIS INCIDENT. AND WE ARE NOT PAYING REPARATIONS, WHICH IS A WORD WHICH IMPLIES WRONGDOING, AND IS OFTEN ASSOCIATED WITH WAR TIME ACTIVITIES. THE PRESIDENT, INSTEAD, HAS DECIDED TO MAKE AN EX-GRATIA PAYMENT AS A HUMANITARIAN GESTURE."

E. NO FOREIGN POLICY INTERVIEWS ARE SCHEDULED FOR ABC'S NIGHTLINE TONIGHT. WHITEHEAD

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R 031744Z AUG 88
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TO SECSTATE WASHDC 0928
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E.O. 12356: DECL: OADR

TAGS: PREL, IR, IZ, JO, SA

SUBJECT: SAUDI PRESS SUMMARY AUGUST 2-3

1. (U) SUMMARY: ONE EDITORIAL CRITICIZES WASHINGTON FOR SENDING AN EMISSARY TO BEIJING TO "BAR CHINA" FROM SELLING MISSILES TO THE MIDDLE EAST. ANOTHER EDITORIAL SUPPORTS IRAQ'S CALL FOR DIRECT NEGOTIATIONS WITH IRAN BEFORE A CEASE-FIRE. THE "SAUDI GAZETTE" STATES THAT KING HUSSEIN'S BREAK WITH THE WEST BANK DEALT A POSSIBLY FATAL BLOW TO THE REAGAN PEACE PLAN. KING FAHAD RECEIVED A VERBAL MESSAGE FROM IRAQI PRESIDENT HUSSEIN. END SUMMARY

2. (U) AN EDITORIAL IN AUGUST 2'S ARABIC DAILY "AL-NADWA" STATES THAT MANY OF WASHINGTON'S DECISIONS AND POSITIONS ON THE MIDDLE EAST ARE ERRONEOUS; THEY "ARE PLANNED IN TEL AVIV AND IMPLEMENTED IN THE U.S. CONGRESS, WHICH IS BEING LED BY THE ZIONIST LOBBY..." AN EXAMPLE IS "THE VISIT OF AN AMERICAN GENERAL TO BEIJING TO BAR CHINA FROM THE SALE OF MISSILES TO THE MIDDLE EAST. ...THE ARABS CAN ALSO RESPOND TO THE ARROGANT AND INTRANSIGENT ACTS OF WASHINGTON AND ITS LEGISLATORS WHO

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HAVE COMMITTED THEIR AFFAIRS TO ZIONISM."

3. (U) THE NEED FOR DIRECT NEGOTIATIONS BETWEEN IRAQ AND IRAN WAS THE SUBJECT OF AN AUGUST 3 "ARAB NEWS" EDITORIAL ENTITLED "IRAN SHOULD COME CLEAN." THE EDITORIAL ARGUES THAT SUCH NEGOTIATIONS ARE NECESSARY AND SHOULD PRECEDE A CEASE-FIRE. WITHOUT NEGOTIATIONS IRAN MIGHT USE A CEASE-FIRE AS A SCREEN "BEHIND WHICH THEY WILL REBUILD THEIR FORCES AND RELAUNCH THE WAR." IRAN MIGHT

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"DESTABILIZE ITS NEIGHBORS AND SPREAD REVOLUTION BY OTHER MEANS." THE EDITORIAL COMPARES A CEASE-FIRE WITH THE ARAB-ISRAELI SITUATION, "WHICH IS HARDLY A BASIS FOR PEACE." SUCH A STANDOFF WOULD CAUSE THE SHATT AL-ARAB TO "REMAIN CLOSED IF OPEN WAR WERE MERELY TO BE REPLACED BY COLD WAR." THE EDITORIAL CONCLUDES: "PSEUDO-PEACE IS NO GOOD TO ANYONE - NOT TO IRAQ, NOT TO IRAN, NOT TO ANY OF THE STATES IN THE GULF."

4. (U) THE "SAUDI GAZETTE" OPINED THAT "THE BATTERED REAGAN ADMINISTRATION PLAN FOR MID-EAST PEACE HAS BEEN DEALT A POSSIBLY FATAL BLOW BY KING HUSSEIN'S MOVE (AWAY FROM THE WEST BANK)." HUSSEIN'S ACTIONS, THE PAPER CLAIMS, "WILL NO DOUBT BE A TOPIC OF DISCUSSION," WHEN ASSISTANT SECRETARY MURPHY MEETS WITH JORDANIAN OFFICIALS THIS WEEK.

5. (U) THE "SAUDI GAZETTE" REPORTED THAT IRAQI FIRST DEPUTY PRIME MINISTER RAMADAN, ACCOMPANIED BY DEPUTY FOREIGN MINISTER HAMDOON, DELIVERED AUGUST 2 A VERBAL MESSAGE TO KING FAHAD FROM PRESIDENT HUSSEIN.

6. (C) COMMENT: THE SAUDI PRESS CONTINUES TO CRITICIZE WASHINGTON'S ARMS SALES POLICY. THE SAUDIS HAVE NO

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INTENTION, NOW THAT THEY HAVE CONFIRMED THEIR ABILITY TO PURCHASE WEAPONS FROM A VARIETY OF SOURCES, TO ALLOW WASHINGTON TO SHUT OFF ALTERNATIVE SOURCES.

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Date Printed: 11/25/1996

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CHANNEL: n/a

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AMCONSUL ALEXANDRIA
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AMEMBASSY TEL AVIV
AMEMBASSY AMMAN
AMEMBASSY DAMASCUS
AMCONSUL JERUSALEM
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AMEMBASSY PARIS
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COMSIXTHFLT
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USCINCCENT FOR POLAD
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E.O. 12356: N/A

TAGS: PREL, PGOV, PINS, ECON, EG, US, UR

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THIS REVIEW COVERS THE ESTABLISHMENT PRESS
(GOVERNMENT-INFLUENCED; AROUND ONE MILLION CIRCULATION)
AND THE OPPOSITION PRESS (NORMALLY WEEKLIES). BOTH
CATEGORIES REFLECT THE INCREASING INDEPENDENCE OF THE
EGYPTIAN PRESS. THE OPPOSITION PAPERS ARE NOT ONLY
LIMITED IN CIRCULATION (10,000-60,000, EXCEPT FOR THE
WIDER CIRCULATION AL-WAFD), BUT ALSO WIDELY RECOGNIZED AS
IRRESPONSIBLE. NONETHELESS, THEIR STORIES FORM PART OF
THE CAIRO RUMOR MILL; THEY CAN PROMPT DEFENSIVE GOVERNMENT

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ACTION AND INSPIRE PARALLEL STORIES IN THE ESTABLISHMENT
PRESS.

HIGHLIGHTS

-- FOREIGN MINISTER EXPRESSES CONFIDENCE IN JORDAN'S
DECISION TO CUT LINKS TO THE WEST BANK AND CALLS FOR A
UNIFIED ARAB FRONT.

-- EGYPT STRONGLY CONDEMNS ISRAELI EXPULSION OF
PALESTINIANS TO LEBANON.

-- NEWS ABOUT IRANIAN INCLINATION TO IMPROVE RELATIONS
WITH EGYPT.

-- OPPOSITION AL-AHALI REPORTS A CENTRAL AGENCY FOR
ACCOUNTING REPORT CRITICIZES USAID PROGRAMS IN EGYPT.

ESTABLISHMENT PRESS: INTERNATIONAL NEWS

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1. JORDAN/WEST BANK. ALL PAPERS HIGHLIGHT A STATEMENT BY
FOREIGN MINISTER ABDEL MEGUID IN WHICH HE EMPHASIZED
EGYPT'S CONFIDENCE THAT JORDAN WILL CONTINUE TO OBSERVE
ITS HISTORICAL ROLE IN SAFEGUARDING PALESTINIAN RIGHTS AND
THAT THE PLO WILL SHOULDER ITS NATIONAL RESPONSIBILITY
TOWARDS THE PALESTINIAN PEOPLE UNDER OCCUPATION. ABDEL
MEGUID UNDERLINED THE NECESSITY OF COORDINATING ARAB
EFFORTS AND FORMING A UNIFIED ARAB FRONT IN ORDER TO REACH
A JUST AND COMPREHENSIVE SETTLEMENT OF THE PALESTINIAN
ISSUE. IN A RELATED ITEM, PAPERS REPORT ABDEL MEGUID
RECEIVED ARAB KNESSET MEMBER ABDEL WAHAB AL-DARAWSHA, WHO
STATED AFTER THE MEETING THAT JORDAN'S DECISION TO CUT
RELATIONS WITH THE WEST BANK WAS A POSITIVE STEP THAT
"SHOULD BE COUPLED WITH PLO-JORDANIAN COORDINATION TO
CROWN THE PALESTINIAN UPRISING WITH POLITICAL ACTION TO
ACHIEVE A JUST AND COMPREHENSIVE PEACE IN THE REGION."
IN ANOTHER RELATED ITEM, AHAM REPORTS PALESTINIAN SOURCES
SAID THE TIME HAS COME FOR THE PLO TO START FORMING A
PALESTINIAN GOVERNMENT IN EXILE TO RUN THE INTERNAL
AFFAIRS OF THE OCCUPIED TERRITORIES.

2. EGYPT/ISRAEL. ALL PAPERS REPORT AN OFFICIAL SOURCE AT
THE MFA ANNOUNCED EGYPT'S STRONG CONDEMNATION OF THE
ISRAELI AUTHORITIES' EXPULSION OF EIGHT PALESTINIANS FROM

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3. EGYPT/US. AHAM REPORTS FOREIGN MINISTER ABDEL MEGUID CONFERRED WITH AMBASSADOR WISNER ON A NUMBER OF ISSUES, INCLUDING THE SITUATION IN THE MIDDLE EAST, PEACE EFFORTS, TABA, AND ASSISTANT SECRETARY MURPHY'S UPCOMING TALKS IN CAIRO AUGUST 10. SEPARATELY, PAPERS REPORT HEALTH MINISTER RAGHEB DUWEIDAR ANNOUNCED THAT AGREEMENT IS BEING REACHED WITH AID TO IMPROVE 35 HOSPITALS IN GOVERNORATES

AND SET UP LOW-COST MEDICAL ESTABLISHMENTS IN VILLAGES THROUGH A GRANT AMOUNTING TO DOLLARS 50 MILLION. IN A SEPARATE ITEM, AHAM REPORTS AN AGREEMENT HAS BEEN SIGNED WITH AID TO SET UP 50 CLINICS FOR FAMILY PLANNING SERVICES. AID WILL EXTEND A GRANT FOR THIS PURPOSE AMOUNTING TO LE 4.3 MILLION, IN ADDITION TO DOLLARS 1.1 MILLION.

4. EGYPT/IRAN. AKHBAR REPORTS WESTERN EUROPEAN COUNTRIES, INCLUDING WEST GERMANY, INFORMED EGYPT RECENTLY THAT IRAN WANTS TO IMPROVE BILATERAL RELATIONS. IRANIAN OFFICIALS ARE EXPECTED TO REQUEST THAT CAIRO RECEIVE A SENIOR OFFICIAL FROM THE IRANIAN FOREIGN MINISTRY TO HOLD SECRET TALKS ON THIS, AS WELL AS THE ISSUE OF THE EGYPTIAN PRISONERS IN IRAN. EGYPT HAS NOTIFIED IRAQ OF THIS DEVELOPMENT, AKHBAR ADDS.

5. EGYPT/CHINA. AHAM REPORTS A CHINESE ECONOMIC DELEGATION FROM THE INVESTMENT ASSOCIATION WILL ARRIVE IN CAIRO LATE AUGUST TO CONSIDER WAYS OF BOOSTING ECONOMIC COOPERATION BETWEEN THE TWO COUNTRIES.

6. EGYPT/SUDAN. PAPERS QUOTE A SOURCE AT THE SUDANESE MINISTRY OF IRRIGATION AS SAYING THAT THE NILE FLOOD THIS YEAR IS THE BIGGEST SINCE 1946. THE SOURCE ADDED THAT THE

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ABUNDANT FLOW OF WATER HAS AFFECTED DAMS AND CAUSED
ELECTRICAL OUTAGES. -

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DOMESTIC NEWS

7. MUBARAK'S MEETING. AHAM REPORTS MUBARAK WILL HOLD A MEETING AUGUST 3 WITH THE ECONOMIC GROUP AND MINISTERS TO FOLLOW UP THE ECONOMIC SITUATION, ELECTRICITY PROJECTS, AND THE NILE WATER LEVEL BEHIND THE HIGH DAM. IN A SEPARATE ITEM, AKHBAR REPORTS THE NDP ECONOMIC COMMITTEE AND THREE MINISTERS WILL HOLD A MEETING TO DISCUSS INFLATION AND STAGNATION IN THE EGYPTIAN ECONOMY.

8. FOOD CONSUMPTION. AHAM'S DAILY COLUMNIST AHMAD BAHADUR EL-DIN CRITICIZES ANY OFFICIAL WHO TRIES TO PUT THE BLAME FOR FOOD SHORTAGES ON THE MASSES BY SAYING THAT THE EGYPTIAN PEOPLE'S CONSUMPTION OF FOOD IS EXCESSIVE. THE COLUMNIST POINTS OUT THAT THE HIGH CONSUMPTION OF BREAD FOR EXAMPLE IS AN INDICATION OF POVERTY BECAUSE THE BROAD BASE OF THE MASSES CANNOT AFFORD TO BUY ANYTHING ELSE. THE COLUMNIST CONCLUDES BY BLAMING OFFICIALS FOR DISTORTING FACTS AT A TIME WHEN THEY TURN A BLIND EYE TO EXTRAVAGANCE IN THE GOVERNMENT ITSELF.

9. PUBLIC SECTOR TOURISM. AHAM REPORTS FIVE PUBLIC SECTOR TOURIST COMPANIES ACHIEVED A SURPLUS AMOUNTING TO LE 86 MILLION DURING THE FISCAL YEAR ENDING JUNE 88.

10. TV NEWS. NEWS ITEMS ON TV AUGUST 2 WERE AS FOLLOWS:

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JORDAN ANNOUNCES THAT ALL QUESTIONS RELATING TO THE
 OCCUPIED TERRITORIES WILL BE DISCUSSED WITH THE PLO;
 FOREIGN MINISTER ABDEL MEGUID MAKES A STATEMENT ON
 JORDAN'S MOVE; THE US GOVERNMENT WELCOMES KING HUSSEIN'S
 DECISION; A PALESTINIAN YOUNG MAN WAS KILLED DURING
 CLASHES BETWEEN PALESTINIAN YOUTH AND ISRAELI FORCES;
 EGYPT CONDEMNS ISRAELI EXPULSION AND DETENTION OF
 PALESTINIANS; OFFICIAL TALKS STARTED BETWEEN THE VISITING
 SAUDI MINISTER OF COMMUNICATION AND HIS EGYPTIAN
 COUNTERPART; A DELEGATION FROM THE POPULATION NATIONAL
 COUNCIL VISITED THE GOVERNOR OF MINYA AND DISCUSSED WITH
 HIM THE R
 OLE OF ISLAMIC AND CHRISTIAN MEN OF RELIGION IN
 TACKLING THE POPULATION ISSUE.

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11. DOLLAR EXCHANGE RATE FOR AUGUST 3 USD 1 EQUALS PT
230.0 (BUYING) AND PT 230.6 (SELLING).

OPPOSITION NEWS

12. EGYPT/US. AL-AHALI REPORTS THE CENTRAL AGENCY FOR ACCOUNTING CRITICIZED US GRANTS TO EGYPT DURING THE PERIOD 1975-1986, TOTTALLING DOLLARS 5.5 BILLION. THE AGENCY ASSERTED THAT THE US ALLOCATED THE GRANTS TO FIELDS THAT DID NOT SERVE ECONOMIC OR SOCIAL DEVELOPMENT AND THAT THE CONDITIONS ATTACHED TO THE GRANTS ALLOWED THE US SIDE TO INTERFERE IN EGYPT'S EXECUTIVE PROCEDURES AND INTERNAL POLICIES. THE AGENCY ALSO NOTED THAT THE GRANTS RETURNED TO THE POCKETS OF THE US IN THE FORM OF SALARIES FOR EXPERTS, CONSULTATION SERVICES, AND SALES OF US COMMODITIES.
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13. EXPLOSION AT A MOSQUE IN SOHAG. AL-WAFD REPORTS THAT AN EXPLOSIVE PACKAGE WAS DETONATED AUGUST 1 AT HOSNY AL-BADAWY MOSQUE IN SOHAG. A MUSLIM BROTHERHOOD MEMBER WAS BADLY WOUNDED AND HIS HAND WAS AMPUTATED.

14. THE GOVERNMENT DOES NOT WANT TO STOP INFLATION. AL-AHALI'S UNSIGNED LEAD EDITORIAL QUOTES NPUG PARTY LEADER KHALID MUHI AL-DIN AS SAYING THAT THE GOVERNMENT DOES NOT WANT TO STOP INFLATION AND THAT THE NPUG HAS DECIDED TO LAUNCH A CAMPAIGN AGAINST RISING PRICES. ASSERTING THAT THE GOVERNMENT IS RESPONSIBLE FOR "SOCIAL EQUILIBRIUM," AL-AHALI NOTES THAT IT IS NOT FATED THAT THE GOVERNMENT TURN A BLIND EYE TO THE EXPLOITATION AND HIGH PROFITS PREVAILING IN THE EGYPTIAN MARKET. THE GOVERNMENT SHOULD SIMPLY SAY "NO" TO THE IMF, WHICH ADVOCATES RAISING THE PRICE OF EVERYTHING EXCEPT THE EGYPTIAN POUND. CALLING ON THE PUBLIC TO PARTICIPATE IN INFORMING ON AVARICIOUS MERCHANTS, AL-AHALI CONCLUDES THAT THE GOVERNMENT MUST JOIN THE PEOPLE OR MAKE WAY FOR ANOTHER GOVERNMENT.

15. EGYPT/ISRAEL. AL-AHALI REPORTS ISRAEL OFFICIALLY DEMANDED THE RENEWAL OF THE PETROLEUM AGREEMENT SIGNED WITH EGYPT, WHICH WILL EXPIRE IN OCTOBER 88. THIS IS IN ADDITION TO INCREASING THE VOLUME OF THE AGREEMENT TO 4.5 MILLION TONS. ISRAEL ALSO SUGGESTED JOINT GAS AND ENERGY PROJECTS.
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Date Printed: 11/22/1996

DOC_NUMBER: 88STATE231477

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USOFFICE KOLONIA

USOFFICE MAJURO

AMCONSUL HONIARA

AMEMBASSY BANDAR SERI BEGAWAN

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Date Printed: 11/22/1996

DOC_NUMBER: 88STATE231477

CHANNEL: n/a

E.O. 12356: N/A
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TOKYO -- PLEASE PASS TO ASSISTANT SECRETARY SIGUR

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1. SHULTZ ASIA TRIP/CHINA/CAMBODIA/KOREA

-- AP (7/15), THE WASHINGTON POST'S OBERDORFER, THE NY TIMES' SCIOLINO, THE LA TIMES' MANN, THE BALTIMORE SUN'S SCHIDLOVSKY (ALL 7/16), AND THE CHRISTIAN SCIENCE MONITOR'S TYSON (ALL BEIJING) REPORT ON THE SECRETARY'S VISIT TO CHINA.

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OBERDORFER REPORTS SHULTZ, ENDING 2 DAYS OF TALKS WITH CHINESE LEADERS, FRIDAY SAID THE US AND PRC HAVE FORGED A BROAD MEASURE OF AGREEMENT CONCERNING A NEGOTIATED SETTLEMENT AND PEACEFUL FUTURE IN CAMBODIA. HE SAYS THE SECRETARY, DESCRIBING INTENSIVE DISCUSSIONS WITH DENG XIAOPING AND OTHER CHINESE OFFICIALS REGARDING CAMBODIA AS "VERY FRUITFUL AND WORTHWHILE," ADDED THAT THERE IS FULL ACCORD ON SEVERAL KEY POINTS AND THAT THE 2 NATIONS SHARE "RATHER SIMILAR VIEWS" ON THE TOUCHY ISSUE OF THE CHINESE-BACKED KHMER ROUGE. HE QUOTES US SOURCES AS SAYING DENG DECLARED THAT CHINA HAS NO INTEREST IN CONTINUING THE NEARLY 10-YEAR-OLD VIETNAMESE OCCUPATION AND WAR IN CAMBODIA. HE REPORTS VARIOUS SENIOR CHINESE LEADERS TOLD SHULTZ THAT BEIJING'S BACKING FOR THE KR WAS PRINCIPALLY AS AN ANTI-VIETNAMESE MILITARY FORCE AND THAT THEY DO NOT BACK A KR RETURN TO POWER.

OBERDORFER QUOTES SHULTZ AS SAYING THE US AND CHINA AGREE THAT SIHANOUK IS "A POTENTIAL PERSON AROUND WHOM A FUTURE GOVERNMENT OF CAMBODIA SHOULD BE ORGANIZED," AND WE ALSO AGREE THAT VIETNAM SHOULD AGREE COMPLETELY FROM CAMBODIA.

ACCORDING TO OBERDORFER, SHULTZ'S DISCUSSION OF THE OTHER TOP-PRIORITY ITEM ON HIS AGENDA -- RECENT AND PROSPECTIVE CHINESE SALES OF BALLISTIC MISSILES TO MIDDLE EAST NATIONS --

DID NOT APPEAR TO HAVE BEEN IMMEDIATELY SUCCESSFUL. ON THURSDAY, HE SAYS, SHULTZ ASKED FOREIGN MINISTER QIAN QICHEN TO AUTHORIZE MORE INTENSIVE DISCUSSIONS WITH THE US ON THE DANGEROUS SPREAD OF THE MISSILES, WHILE QIAN REPLIED THAT HE WOULD CONSIDER THE PROPOSAL AND REPLY LATER. BUT THERE WAS NO ANSWER TO SHULTZ'S REQUEST BY THE TIME HIS TALKS WITH CHINESE LEADERS ENDED, HE NOTES.

OBERDORFER REPORTS SHULTZ DID NOT COMMENT DIRECTLY ON A REPORT IN THE LA TIMES THAT CHINA HAS ALREADY CONSUMMATED A SALE TO SYRIA OF M-9 SHORT-RANGE BALLISTIC MISSILES

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EXCEPT TO QUOTE CHINESE LEADERS AS SAYING FLATLY THAT THEY HAVE MADE NO BALLISTIC MISSILE SALES EXCEPT FOR A PREVIOUSLY ANNOUNCED SUPPLY OF INTERMEDIATE-RANGE MISSILES TO SAUDI ARABIA. HE QUOTES US OFFICIALS AS SAYING INTELLIGENCE INFORMATION AVAILABLE TO SHULTZ'S PARTY DOES NOT CONFIRM THE REPORTED SALE TO SYRIA AND THAT SUCH REPORTS SEEM QUESTIONABLE IN VIEW OF CHINA'S DENIALS TO SHULTZ.

OBERDORFER SAYS SHULTZ WENT OUT OF HIS EAY IN HIS PRIVATE TALKS AND IN AN END-OF-VISIT PRESS CONFERENCE TO SAY US POLICY TOWARD CHINA HAS "BROAD BIPARTISAN SUPPORT" AND,

THEREFORE, "POSITIVE TRENDS" IN THE RELATIONSHIP SHOULD CONTINUE NO MATTER WHO WINS THE PRESIDENTIAL ELECTION. HE ADDS THAT IN HIS MEETING WITH DENG AND IN A BANQUET TOAST FRIDAY SHULTZ MADE SPECIAL MENTION OF CANDIDATE GEORGE BUSH, CONVEYING SPECIAL GREETINGS TO DENG FROM THE VP AND PRESIDENT REAGAN. HE REPORTS SHULTZ, IN HIS BANQUET TOAST, NOTED THAT ONE OF THE 2 PRESIDENTIAL CANDIDATES -- A REFERENCE TO BUSH -- "HAS LIVED AND WORKED IN CHINA."

-- SCIOLINO REPORTS SHULTZ INDICATED FRIDAY THAT HE HAD RECEIVED NO ASSURANCES FROM CHINA'S LEADERS THAT THEY WOULD CURB THEIR SALES OF MISSILES IN THE MIDEAST. IN 2 DAYS OF MEETINGS IN BEIJING, SHE SAYS, THE SECRETARY EXPRESSED AMERICAN CONCERN OVER THE INCREASE IN BALLISTIC MISSILES IN THE REGION AND PROPOSED FULL-SCALE INTERNATIONAL CONSULTATIONS TO PREVENT THEIR SPREAD. HOWEVER, SHE ADDS, SHULTZ INDICATED AT A NEWS CONFERENCE THAT CHINA'S LEADERS REFUSED TO MAKE ANY COMMITMENT ABOUT THE PROPOSAL. "WE DIDN'T COME TO ANY AGREEMENTS ABOUT

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IT. BUT I THINK IT HAS BEEN WORTHWHILE TO TALK ABOUT IT, AND I AM SURE THAT THE SUBJECT WILL CONTINUE TO BE AN IMPORTANT ONE ON OUR AGENDA," SHE QUOTES HIM AS SAYING.

IN RECENT WEEKS, ACCORDING TO SCIOLINO, SHULTZ AND OTHER ADMINISTRATION OFFICIALS HAVE ASSERTED THAT CHINA'S "SECRET SALE" OF BALLISTIC MISSILES WITH A RANGE OF UP TO 1600 MILES TO SAUDI ARABIA, A REPORTED DEAL TO SELL SHORT-RANGE MISSILES TO SYRIA, AND THE INCREASED USE OF INTERMEDIATE-RANGE MISSILES BY BOTH IRAN AND IRAQ AGAINST CIVILIAN TARGETS ARE CHANGING THE NATURE OF WARFARE AND THREATENING SECURITY ARRANGEMENTS IN THE MIDEAST.

ON THURSDAY, SCIOLINO REPORTS, FOREIGN MINISTER QIAN CITED STATISTICS ON ARMS SALES SHOWING THAT CHINA IS NOT THE BIGGEST OR ONLY SUPPLIER OF BALLISTIC MISSILES TO THE MIDEAST, AND COMMUNIST PARTY LEADER ZHAO ZIYANG CITED SIMILAR STATISTICS FRIDAY, ACCORDING TO A SENIOR AMERICAN OFFICIAL. SHE NOTES SHULTZ, WHEN ASKED ABOUT A REPORT THAT CHINESE LEADERS WERE TESTY WHEN HE EXPRESSED HIS CONCERNS, STATED: "I WAS THERE, AND I WOULD SAY THINGS WERE NEVER TESTY. BUT IN ALL THESE MEETINGS PEOPLE EXPRESS THEIR VIEWS ON BOTH SIDES." SHE REPORTS THE US OFFICIAL WOULD NOT CHARACTERIZE SHULTZ AS SATISFIED WITH THE CHINESE RESPONSE, SAYING ONLY: "WE HAD GOOD DISCUSSIONS."

BUT DESPITE WHAT THE "DISAGREEMENT" OVER THE ISSUE OF MISSILE SALES, SHULTZ'S LAST SCHEDULED VISIT TO BEIJING

AS SECRETARY OF STATE WAS MARKED BY EXTRAORDINARY WARMTH AND HOSPITALITY, SCIOLINO REPORTS. SHE NOTES DENG, AT THE START OF A 75-MINUTE MEETING FRIDAY, PRAISED THE STEADY DEVELOPMENT OF US-CHINA RELATIONS DURING SHULTZ'S TENURE. SHE ADDS THAT QIAN, IN A TOAST, TOLD THE SECRETARY "THE DOOR OF CHINA IS FOREVER OPEN TO YOU."

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SCIOLINO REPORTS SHULTZ, AT HIS NEWS CONFERENCE, "SIDESTEPPED" A QUESTION ABOUT THE LA TIMES REPORT QUOTING WESTERN OFFICIALS IN HONG KONG AS SAYING CHINA HAD ALREADY CONCLUDED A SALE OF M-9 MISSILES TO SYRIA, SAYING: "THE CHINESE TOLD ME THAT THEY HAD NOT MADE ANY SALE OF BALLISTIC MISSILES TO A COUNTRY OTHER THAN SAUDI ARABIA." HE DID NOT SAY WHETHER HE BELIEVED THE CHINESE ASSURANCES, SHE NOTES.

SCIOLINO QUOTES US OFFICIALS AS CONFIRMING THAT SOME US INTELLIGENCE REPORTS INDICATE SYRIA AND CHINA HAVE

BASICALLY AGREED ON A DEAL, BUT THESE OFFICIALS SAID THE US HAD KEPT ITS INFORMATION SECRET IN PART TO PREVENT DISCLOSURE OF THE SOURCE AND EXTENT OF KNOWLEDGE ABOUT CHINESE ARMS SALES PATTERNS. SHE REPORTS THE OFFICIALS SAID THEY DID NOT KNOW WHETHER THE 2 NATIONS HAD ACTUALLY SIGNED A CONTRACT TO COMPLETE THE DEAL OR SIMPLY REACHED A VAGUE AGREEMENT IN PRINCIPLE.

SCIOLINO SAYS SHULTZ SPOKE ONLY IN GENERAL TERMS OF THE THREAT OF THE SPREAD OF MISSILES IN THE MIDEAST AND DID NOT SPECIFICALLY BRING UP THE SAUDI MISSILE SALE OR THE PROSPECTIVE SALE TO SYRIA IN HIS 2 DAYS OF TALKS.

ON THURSDAY, SCIOLINO NOTES, 113 MEMBERS OF CONGRESS CABLED A LETTER TO SHULTZ IN BEIJING URGING HIM TO TELL THE CHINESE THAT FUTURE COOPERATION IN HIGH-TECHNOLOGY TRANSFERS TO CHINA WOULD BE JEOPARDIZED IF BEIJING DOES NOT STOP ITS ARMS SALES TO THE MIDEAST. SHE REPORTS SHULTZ TOLD REPORTERS HE WAS NOT SHOWN THE LETTER UNTIL ALL HIS OFFICIAL MEETINGS WERE OVER.

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IN AN INDICATION THAT THE US HAS NO INTENTION OF PENALIZING CHINA OVER THE MISSILE SALES, SCIOLINO STATES, THE US LAST WEEK WENT ALONG WITH COCOM DECISION TO FURTHER RELAX RESTRICTONS ON HIGH-TECHNOLOGY EXPORTS TO CHINA. IN OCTOBER, SHE SAYS, THE ADMINISTRATION PUT CURBS (SIC) ON THE EXPORT OF SOME HIGH-TECHNOLOGY PRODUCTS TO CHINA IN WHAT SOME OFFICIALS SAID WAS A PROPORTIONAL RESPONSE TO THE CHINESE SALE OF "SILKWORM" MISSILES TO IRAN. SHE QUOTES A SENIOR OFFICIAL AS SAYING THE "SILKWORMS" DIRECTLY THREATENED AMERICAN LIVES AND

INSTALLATIONS BUT THAT THE SPREAD OF BALLISTIC MISSILES IS A MUCH BROADER THREAT THAT SHOULD CONCERN OTHER

NATIONS AS WELL AS THE US. SHE ADDS THE OFFICIAL SAID WESTERN ALLIES OF THE US HAD NOT BEEN FORTHCOMING IN ISSUING SIMILAR STATEMENTS OF CONCERN ABOUT THE SPREAD OF CHINESE MISSILES.

-- ACCORDING TO MANN, SHULTZ FRIDAY FINISHED 2 DAYS OF TALKS WITH CHINA'S TOP LEADERS "WITH BOTH SIDES ADMITTING THERE HAD BEEN DIFFERENCES BETWEEN THEM, PARTICULARLY ON THE QUESTION OF CHINESE ARMS SALES IN THE MIDDLE EAST." HE QUOTES SHULTZ AS TELLING NEWS CONFERENCE: "I FEEL MYSELF THAT IT IS VERY UNDESIRABLE TO HAVE BALLISTIC MISSILE TECHNOLOGY OR BALLISTIC MISSILES AS SUCH SPREADING AROUND." HE REPORTS THE SECRETARY, WHILE ASSERTING THAT SINO-AMERICAN RELATIONS GENERALLY ARE

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GOOD, SAID THE 2 NATIONS NOW SOMETIMES FIND THEMSELVES
"TALKING ABOUT PROBLEMS WHERE WE HAVE SOME DIFFERENT
POINTS OF VIEW."

ACCORDING TO MANN, AT THE OUTSET OF HIS MEETING WITH
SHULTZ DENG XIAOPING ALSO EMPHASIZED DISAGREEMENTS WITH
THE US BUT SOUGHT TO MINIMIZE THEIR IMPORTANCE, SAYING:
"IT IS QUITE NATURAL FOR 2 COUNTRIES WITH DIFFERENT
POINTS OF VIEW TO HAVE SOME DIFFERENCES."
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THE PRINCIPLE DISPUTE AT THE MOMENT, MANN SAYS, CONCERNS
US OBJECTIONS TO CHINA'S SALE OF MISSILES IN THE
MIDEAST. ACCORDING TO "WESTERN OFFICIALS WHO KEEP TRACK
OF CHINESE ARMS SALES," HE REPORTS, CHINA HAS CONCLUDED A
DEAL TO SELL SHORT-RANGE MISSILES TO SYRIA, THOUGH THE
MISSILES HAVE NOT YET BEEN DELIVERED. HE NOTES SHULTZ
SAID CHINESE LEADERS TOLD HIM THEY HAVE NOT SOLD MISSILES
TO ANY COUNTRY BUT SAUDI ARABIA.

MANN SAYS SHULTZ BEGAN VOICING PUBLIC OBJECTIONS TO
CHINESE MISSILE SALES LAST WEEK DURING THE ASEAN
POST-MINISTERIAL MEETINGS IN BANGKOK. HE STATES THAT THE
SECRETARY'S COMMENTS APPARENTLY UPSET THE CHINESE, WHO
GAVE SHULTZ WHAT HE SAYS WAS A LOW-KEY, SOMEWHAT COOL
RECEPTION. HE NOTES THAT "PEOPLE'S DAILY" MADE NO
MENTION AT ALL OF SHULTZ ON THURSDAY, THE DAY HE ARRIVED,
AND GAVE "SCANT" COVERAGE TO HIS VISIT FRIDAY.

IN ADDITION TO ARMS SALES, MANN REPORTS, SHULTZ TALKED AT
LENGTH WITH CHINESE OFFICIALS ABOUT THE FUTURE OF
CAMBODIA. ALTHOUGH BEIJING HAS BEEN THE PRINCIPAL
SUPPORTER OF THE KHMER ROUGE, SHULTZ AND OTHER US
OFFICIALS SEEMED CONFIDENT THEY CAN WORK WITH CHINA TO

PREVENT THE KR FROM DOMINATING CAMBODIA AGAIN, HE
REPORTS. "I FELT OUR DISCUSSIONS ON THE KHMER
ROUGE...HAVE BEEN UNUSUALLY FRUITFUL AND WORTHWHILE," HE
QUOTES SHULTZ AS SAYING.

-- SCHIDLOVSKY SAYS SHULTZ INDICATED FRIDAY THAT CHINA
DENIED SELLING BALLISTIC MISSILES TO ANY NATION OTHER
THAN SAUDI ARABIA. HE REPORTS US OFFICIALS, HOWEVER,
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SAID THEY BELIEVE CHINA IS ACTIVELY SEEKING TO SELL THE

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MISSILES TO SYRIA. HE STATES THAT SHULTZ SAID HE TOLD CHINESE LEADERS THE US WANTS TO LIMIT THE SPREAD OF MISSILES IN THE VOLATILE MIDEAST. ACCORDING TO SCHIDLOVSKY, THE ISSUE OF CHINESE ARMS SALES TO THE MIDEAST HAS "SOURED" US-CHINA RELATIONS FOR SOME TIME.

HOWEVER, SCHIDLOVSKY ADDS, SHULTZ SAID HE AND HIS CHINESE HOSTS AGREED ON SEVERAL POINTS ON HOW TO END VIETNAM'S OCCUPATION OF CAMBODIA, SAYING THE US AND BEIJING BOTH WANT HANOI TO WITHDRAW ALL ITS TROOPS FROM CAMBODIA AND AGREE THAT SIHANOUK SHOULD BE INVOLVED IN ATTEMPTS TO FIND A NEW GOVERNMENT. ONE PROBLEM, HE SAYS, IS HOW TO DEAL WITH THE KR, WHICH THE US SAYS SHOULD BE EXCLUDED FROM ANY SETTLEMENT. AT ONE POINT, ACCORDING TO SCHIDLOVSKY, THE SECRETARY HINTED THAT CHINA MIGHT BE WILLING TO GO ALONG WITH SUCH AN EXCLUSION, SAYING: "I THINK THAT WE ALSO SEE THE UNDESIRABILITY OF...WELL, LET ME BE CAREFUL. I DON'T WANT TO, IN ANY WAY, SEEM TO SPEAK FOR THE CHINESE SIDE. AND I WILL JUST REITERATE MY VIEW, AS I EXPRESSED IT TO THEM, THAT THERE CAN BE NO RETURN TO CONTROL BY THE KHMER ROUGE, AS WE SEE IT. AND THE CHINESE WILL SPEAK FOR THEMSELVES, BUT I THINK YOU WILL FIND THAT WE HAVE RATHER SIMILAR VIEWS."

SCHIDLOVSKY REPORTS SHULTZ ALSO SAID THERE SHOULD BE "AN INTERNATIONAL EFFORT OF SOME KIND IN BRINGING ABOUT A FINAL RESOLUTION OF THE CAMBODIA PROBLEM."

-- TYSON REPORTS THE US WARNED CHINA THAT BALLISTIC MISSILES BEIJING MAY HAVE BEEN SEEKING TO EXPORT TO THE MIDEAST HAVE A "DESTABILIZING POTENTIAL." SHE SAYS SHULTZ HELD LENGTHY DISCUSSIONS WITH CHINESE LEADERS LAST WEEK ON THE NEED TO CONTROL THE SPREAD OF MISSILE TECHNOLOGY. SHE NOTES HE SAID AT HIS FRIDAY PRESS CONFERENCE THAT CHINESE OFFICIALS DENIED EXPORTING

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BALLISTIC MISSILES TO ANY COUNTRY BUT SAUDI ARABIA.

HOWEVER, ACCORDING TO TYSON, DURING THEIR TALKS THE CHINESE LEFT OPEN THE POSSIBILITY OF FUTURE BALLISTIC MISSILE SALES. SHE REPORTS SHULTZ SAID THAT, AFTER

DISCUSSING THE ISSUE "AT SOME LENGTH," HE FAILED TO REACH AN ACCORD WITH BEIJING ON PREVENTING SUCH WEAPONS EXPORTS. "WE DIDN'T COME TO ANY AGREEMENTS ABOUT IT, BUT I THINK ITS BEEN WORTHWHILE TO TALK ABOUT IT. AND I'M SURE THAT SUBJECT WILL CONTINUE TO BE AN IMPORTANT ONE ON OUR AGENDA," SHE QUOTES SHULTZ AS SAYING. SHE ADDS THAT SHULTZ REPEATED THE US STAND THAT THERE IS A NEED FOR AN INTERNATIONAL ARMS EMBARGO AGAINST IRAN AND IRAQ BUT HE

SAID BEIJING CONTINUES TO REJECT THE IDEA

BUT DESPITE TENSIONS OVER THE MISSILE ISSUE, TYSON REPORTS, SHULTZ SAID HE HAD "VERY FRUITFUL" TALKS WITH CHINESE LEADERS ON ANOTHER TOPIC -- ENDING THE 10-YEAR WAR IN CAMBODIA. IN WHAT SHE CALLS A POTENTIALLY SIGNIFICANT DEVELOPMENT, SHULTZ APPEARED TO CONFIRM RECENT INDICATIONS THAT CHINA IS RECONSIDERING ITS LONG-STANDING SUPPORT FOR THE KR, WHICH WOULD BRING IT MORE IN LINE WITH THE US AND ASEAN. SHE NOTES HE SAID BOTH THE US AND CHINA FAVOR A GOVERNMENT ORGANIZED AROUND SIHANOUK.

-- ACCORDING TO AP, SHULTZ SAID FRIDAY THAT THE US SHOULD NOT TRY TO STOP THE CHINESE FROM SELLING ARMS TO THE MIDEAST BY SLOWING HIGH-TECHNOLOGY SALES TO CHINA. IT REPORTS HE SAID THERE ARE OTHER, CONSTRUCTIVE WAYS TO PERSUADE BEIJING NOT TO SELL THE WEAPONS. IT NOTES THAT MORE THAN 100 US CONGRESSMEN SENT SHULTZ A CABLE THURSDAY

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WARNING THAT FUTURE TRANSFERS OF HIGH TECHNOLOGY TO CHINA WOULD BE "JEOPARDIZED" IF THE SALE OF CHINESE BALLISTIC MISSILES TO SYRIA GOES THROUGH.

AP REPORTS SHULTZ SAID HE GOT WORD OF THE CABLE ONLY AFTER HIS MEETINGS WITH TOP CHINESE LEADERS. IT NOTES HE MET WITH DENG XIAOPING, ZHAO ZIYANG, AND PREMIER LI PENG. "I THINK THE WAY TO TRY TO GET AT IT WITH THE CHINESE IS OTHER KINDS OF CONSTRUCTIVE WAYS," IT QUOTES THE SECRETARY AS SAYING.

AP QUOTES SENIOR REAGAN ADMINISTRATION OFFICIALS AS SAYING THE CHINESE ARE BELIEVED TO BE MARKETING THE M-9 MISSILES, WHICH HAVE A MAXIMUM RANGE OF ABOUT 370 MILES, BUT THERE ARE NO INDICATIONS OF A FINAL SALE. IT ADDS THE OFFICIALS SAID THE M-9 WOULD BE CAPABLE OF STRIKING TARGETS IN ISRAEL IF LAUNCHED FROM SYRIA BUT THAT IT IS AT LEAST 9 MONTHS AWAY FROM PRODUCTION AND THAT A PROTOTYPE IS STILL BEING TESTED.

-- THE LEAD IN AN EARLIER AP (BEIJING 7/15) STORY IS THAT SHULTZ SAID FRIDAY THAT CHINA MADE NO PROMISES TO STOP

BALLISTIC MISSILE SALES TO THE MIDEAST BUT THAT THE US SHOULD NOT STOP THE FLOW OF HIGH TECHNOLOGY IN RESPONSE.

-- REUTER'S CRABB (SEOUL 7/16) REPORTS SHULTZ ARRIVED IN SEOUL SATURDAY FOR TALKS WITH SOUTH KOREAN LEADERS AND EXPRESSED CONFIDENCE THE SEOUL OLYMPIC GAMES WOULD BE SAFE AND SUCCESSFUL. IN HIS ARRIVAL STATEMENT, CRABB

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SAYS, THE SECRETARY TOUCHED ON RECENT TRADE TENSIONS BETWEEN THE US AND ROK, WHICH WASHINGTON HAS BEEN PRESSING TO OPEN ITS MARKETS TO AMERICAN GOODS. "THE US HAS SPOKEN OFTEN, AND SOMETIMES LOUDLY, ABOUT THE IMPORTANCE OF FREE AND FAIR TRADE FOR ONE VERY GOOD REASON -- IT MAKES GOOD ECONOMIC SENSE," HE QUOTES AS

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SAYING.

CRABB ADDS THAT SHULTZ LAUDED THE CLOSE AMERICAN MILITARY TIES WITH THE ROK, SAYING: "OUR SECURITY COOPERATION REMAINS THE BEDROCK OF OUR RELATIONSHIP." HE SAYS THE SECRETARY ALSO EXPRESSED ADMIRATION FOR THE ROK'S RECENT RUNAWAY ECONOMIC PROGRESS, WHICH HE SAID WOULD BECOME A FOCUS OF WORLD ATTENTION AT THE OLYMPICS, ADDING: "WE SHARE YOUR CONFIDENCE THAT THE GAMES WILL BE SAFE AND SUCCESSFUL."

CRABB REPORTS SHULTZ LEFT THE AIR BASE WHERE HE ARRIVED TO TOUR THE OLYMPIC FACILITIES BEFORE DINING LATER WITH FOREIGN MINISTER CHOI KWANG-SOO. HE NOTES THAT AFTER FURTHER TALKS WITH ROK LEADERS, INCLUDING PRESIDENT ROH, SHULTZ WAS TO LEAVE MONDAY FOR TOKYO.

-- REUTER'S GIACOMO (7/16), THE WASHINGTON POST'S OBERDORFER, THE NY TIMES' SCIOLINO, AND THE LA TIMES' MANN (ALL 7/17) (ALL SEOUL) REPORT SHULTZ INDICATED SATURDAY THAT BOTH THE USSR AND PRC HAVE GIVEN ASSURANCES THAT NORTH KOREA WILL REFRAIN FROM TERRORIST ACTS AGAINST THE SEOUL OLYMPICS.

OBERDORFER REPORTS THE SECRETARY SAID THE US HAS BEEN TOLD IN STRONG TERMS BY BOTH MOSCOW AND BEIJING THAT THEIR NORTH KOREAN ALLY WOULD NOT COMMIT TERRORIST ACTS AGAINST THE GAMES. HE SAYS SHULTZ QUOTED SOVIET FOREIGN MINISTER SHEVARDNADZE AS SAYING FLATLY AT A WHITE HOUSE MEETING IN MARCH: "WE KNOW THE NORTH KOREANS WELL, AND I CAN ASSURE YOU THERE WILL BE NO, UNDERLINE NO, TERRORIST ATTACKS AIMED AT THE OLYMPICS." HE ADDS SHULTZ SAID CHINESE OFFICIALS WITH WHOM HE HAD JUST CONFERRED IN

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BEIJING "MADE SIMILAR COMMENTS FROM THEIR POINT OF VIEW." BECAUSE OF THE ASSURANCES AND THE ROK'S EXTENSIVE PREPARATIONS, HE QUOTES THE SECRETARY AS SAYING, "I'M

BASICALLY NOT CONCERNED ABOUT SECURITY FOR THE OLYMPICS."

OBERDORFER POINTS OUT THAT SOUTH KOREA, WHICH TAKES THE NORTH'S CAPABILITY AND PROCLIVITY FOR TERRORISM VERY SERIOUSLY, IS LEAVING NOTHING TO CHANCE, DESPITE THE SOVIET AND CHINESE REASSURANCES PASSED ON TO THEM BY WASHINGTON. HE SAYS IT IS NOT CLEAR HOW MUCH INFLUENCE MOSCOW AND BEIJING HAVE OVER PYONGYANG CONCERNING DEVELOPMENTS ON THE BITTERLY DIVIDED PENINSULA. HE REPORTS MANY THOUSANDS OF SOUTH KOREAN POLICE, SPECIAL COMMANDOS, AND THE LATEST HIGH-TECHNOLOGY SECURITY DEVICES HAVE BEEN MOBILIZED TO PROTECT T HOSE AT THE GAMES.

OBERDORFER REPORTS SEOUL OLYMPICS OFFICIAL KIM SAM HOON TOLD REPORTERS "EVERYTHING IS READY" FOR THE GAMES, AS SHULTZ TOURED THE OLYMPIC VILLAGE LIVING QUARTERS AND SOME OF THE EXTENSIVE SPORTS FACILITIES SHORTLY AFTER ARRIVING SATURDAY. "WE ARE TAKING ALL NECESSARY MEASURES TO KEEP VISITORS IN EXTREME SAFETY WITH A MINIMUM OF INCONVENIENCE. AIR-TIGHT SECURITY WILL BE IN PLACE," HE QUOTES KIM AS SAYING.

OBERDORFER REPORTS SHULTZ, SPEAKING TO REPORTERS ABOARD HIS PLANE AS HE FLEW FROM BEIJING TO SEOUL, PRAISED ROH TAE WOO'S RECENT INITIATIVES TOWARD NORTH KOREA BUT SAID THE US WILL "HAVE TO THINK IT OVER CAREFULLY" BEFORE TAKING ITS OWN STEPS TO EASE US POLITICAL AND ECONOMIC STRICTURES AGAINST THE NORTH. HE SAYS THE SECRETARY INDICATED THAT THE US WILL BE WEIGHING HEAVILY THE ROK'S APPEAL TO SWITCH FROM A POLICY OF SEEKING TO ISOLATE THE NORTH TO A POLICY OF CONCILIATION AND INCREASED INTERNATIONAL INVOLVEMENT. HE ADDS AIDES TO SHULTZ SAID UNCLASSIFIED

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ANY US GESTURES TO THE NORTH WOULD PROBABLY BE HELD IN ABEYANCE UNTIL AFTER THE OLYMPICS BECAUSE OF THE CONCERN ABOUT OLYMPICS-RELATED TERRORISM.

OBERDORFER ADDS THAT SHULTZ SAID IT IS TOO BAD NORTH KOREAN OFFICIALS HAVE BRUSHED OFF THE SOUTH'S NEW POLICY STATEMENTS SO FAR, THE LATEST OF WHICH WAS PUBLISHED IN SEOUL EARLIER ON SATURDAY; "BUT IT MAY WELL BE THEY'LL TAKE A SECOND LOOK," THE SECRETARY ADDED.

IN ADDITION TO MEETING ROH AND OTHER ROKG OFFICIALS, OBERDORFER NOTES, SHULTZ WAS EXPECTED TO MEET MAJOR OPPOSITION FIGURES, INCLUDING KIM DAE JUNG AND KIM YOUNG SAM, FOR THE FIRST TIME AT A BREAKFAST MONDAY. TWO YEARS AGO, HE RECALLS, THEY DECLINED AN INVITATION TO MEET SHULTZ.

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OBERDORFER REPORTS THE SECRETARY SAID SOUTH KOREANS IN THE PAST YEAR "HAVE PUT A POLITICAL MIRACLE ALONGSIDE THE ECONOMIC MIRACLE." HE ADDS SHULTZ CALLED THE ROK "A WORKING DEMOCRACY" WITH "AN ORDERLY AND OPEN DEMOCRATIC PROCESS." HE SAYS THE SECRETARY, NOTING THAT THE GOVERNMENT PARTY IS A MINORITY IN THE NATIONAL ASSEMBLY, SAID ALL SIDES APPEAR TO BE "COPING WITH THE SITUATION." HE ADDS SHULTZ SAID THE NUMBER ONE POLITICAL MESSAGE HE WAS BRINGING TO SEOUL IS "SUPPORT FOR THE DEMOCRATIC PROCESS."

OBERDORFER NOTES SHULTZ MADE A PUBLIC PLEA ON HIS ARRIVAL IN SEOUL FOR FURTHER DISMANTLING OF BARRIERS TO US IMPORTS.

-- SCIOLINO REPORTS SHULTZ INDICATED SATURDAY THAT THE UNCLASSIFIED

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USSR AND PRC HAVE ASSURED THE US THEY WILL USE THEIR INFLUENCE WITH NK TO HELP MAKE THE SEOUL OLYMPICS FREE OF TERRORISM. SHE SAYS THE SECRETARY, SPEAKING TO REPORTERS DURING A PLANE RIDE FROM BEIJING TO SEOUL, "WAS APPARENTLY TRYING TO DISPEL THE WIDESPREAD PERCEPTION THAT PYONGYANG WOULD TRY TO DISRUPT THE OLYMPICS BY STAGING ACTS OF TERRORISM."

SCIOLINO QUOTES HIM AS SAYING: "THE SOVIETS HAVE TOLD US FLATLY THAT, IN THEIR VIEW, THE NORTH KOREANS WILL NOT MAKE ANY EFFORT TO DISTURB THE OLYMPICS. THE CHINESE ALSO POINT OUT, AS DO THE SOVIETS, THAT THEIR ATHLETES WILL BE THERE, AND I THINK EVERYONE WILL BE EXERTING THEIR INFLUENCE IN A POSITIVE WAY." NOTING THAT SHULTZ QUOTED SHEVARDNADZE AS ASSURING PRESIDENT REAGAN THAT THERE WOULD BE NO TERRORIST ATTACKS AIMED AT THE OLYMPICS, SHE REPORTS HE ADDED: "WE SAID WE WERE VERY GLAD TO HEAR THAT STATEMENT," WHICH HE CALLED "UNEQUIVOCAL, UNAMBIGUOUS." SHE REPORTS HE SAID THE CHINESE "HAVE MADE SIMILAR COMMENTS ABOUT THEIR POINT OF VIEW."

ON FRIDAY, SCIOLINO SAYS, THE UN COMMAND IN PANMUNJOM CHARGED THAT NK, WHICH HAS FAILED IN ITS CAMPAIGN TO CO-HOST THE GAMES, WAS TRYING TO UNDERMINE THE OLYMPICS BY WORKING "TO CONTRIVE AN ATMOSPHERE OF DANGER ON THE KOREAN PENINSULA." SHE REPORTS THE ACCUSATION WAS MADE IN RESPONSE TO NK'S LATEST CHARGES THAT THE US AND ROK WERE USING THE OLYMPICS AS A PRETEXT FOR CREATING A "WAR MACHINE."

HOWEVER, ACCORDING TO SCIOLINO, "IN REMARKS THAT SEEMED

TO UNDERCUT THE ASSURANCES FROM MOSCOW, SHULTZ
ACKNOWLEDGED THAT THE NORTH KOREAN INSTALLATION OF
ADVANCED SOVIET SURFACE-TO-AIR MISSILES THAT CAN REACH
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SOUTH KOREA AND RECENT SOVIET DELIVERIES OF THEIR MOST
ADVANCED AIRCRAFT TO PYONGYANG "CONSTITUTE QUESTION
MARKS" IN OLYMPIC SECURITY." NEVERTHELESS, SHE NOTES,
SHULTZ EXPRESSED CONFIDENCE THAT SECURITY WOULD NOT BE A
PROBLEM BECAUSE OF SOUTH KOREA'S TOUGH ANTI-TERRORISM
MEASURES. "I'M BASICALLY NOT CONCERNED ABOUT SECURITY
FOR THE OLYMPICS, BECAUSE I OBSERVED THAT THE SOUTH
KOREANS ARE DOING SUCH A GOOD JOB OF PUTTING INTO PLACE
ALL OF THE MEASURES THAT WILL DETER ANY ACTS TO DISTURB
THE OLYMPICS."

ACCORDING TO SCIOLINO, SHULTZ'S ASSESSMENT OF THE
TERRORIST THREAT AT THE OLYMPICS "IS MUCH MORE POSITIVE
THAN THAT OF MANY OF HIS OWN INTELLIGENCE AND
COUNTERTERRORISM EXPERTS IN THE STATE DEPARTMENT." ALTHOUGH
THERE IS LITTLE LIKELIHOOD OF A TERRORIST ATTACK INSIDE
THE OLYMPIC COMPOUND BECAUSE OF EXTRAORDINARY SECURITY
MEASURES BY THE ROKG, SHE REPORTS THESE OFFICIALS SAID,
THEY EXPECT INCIDENTS TO OCCUR BEFORE OR DURING THE
OLYMPICS, PERHAPS IN OTHER PARTS OF ASIA, TO GIVE THE
IMPRESSION THERE IS NO SECURITY IN THE REGION AND TO
DISCOURAGE PEOPLE FROM ATTENDING. SHE ADDS THE OFFICIALS
ALSO DO NOT PUT MUCH FAITH IN SOVIET AND CHINESE EFFORTS
TO CURB THEIR CLIENT TO THE NORTH, NOTING THAT NO NATION
HAS MUCH INFLUENCE OVER NORTH KOREA.

FURTHER, SCIOLINO SAYS, IN THE AFTERMATH OF THE
PALESTINIAN HIJACKING IN MAY OF A KUWAITI AIRLINER EN
ROUTE TO KUWAIT FROM BANGKOK, COUNTERTERRORISM OFFICIALS
HAVE CONCLUDED THAT MIDEAST-INSPIRED TERRORISM IS JUST AS
LIKELY TO OCCUR AS TERRORIST ACTS BY NORTH KOREA.

SCIOLINO REPORTS THAT DURING HIS 2-1/2 DAY VISIT TO THE
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ROK SHULTZ WILL MEET WITH SOUTH KOREAN LEADERS INCLUDING
ROH TAE WOO AND, IN A SHOW OF SUPPORT FOR DEMOCRATIC
GAINS, FOR THE FIRST TIME WITH OPPOSITION LEADERS KIM DAE
JUNG, KIM YOUNG SAM, AND KIM JONG PIL. SHE NOTES HE WILL
ALSO DELIVER WHAT IS BEING CHARACTERIZED AS A MAJOR
ADDRESS ON DEMOCRATIZATION IN ASIA.

SCIOLINO QUOTES SHULTZ AS SAYING HE WAS EAGER TO DISCUSS ROH'S 6-POINT PROPOSAL UNVEILED THIS MONTH TO BRING THE 2 KOREAS CLOSER TOGETHER THROUGH INCREASED TRADE WITHOUT TARIFFS, PERSONAL VISITS, CULTURAL EXCHANGES, AND THE RESTORATION OF MAIL SERVICE BETWEEN NORTH AND SOUTH THAT ENDED WITH THE DIVISION OF THE COUNTRY 43 YEARS AGO. SHE REPORTS HE CALLED THE PROPOSALS "VERY INTERESTING" AND

WORTHY OF CAREFUL STUDY BY THE US. SHE ADDS HE PRAISED ROH AS "CAPABLE OF FRESH THINKING" AND SAID: "YOU CAN MAKE PROPOSALS LIKE THIS AS A GOVERNMENT IF YOU'RE CONFIDENT OF YOUR OWN DETERRENT CAPABILITY." SHE NOTES THAT NK HAS ALREADY REJECTED THE PROPOSAL.

BUT SHULTZ DECLINED TO COMMENT ON REPORTS THAT THE ROK WOULD ENCOURAGE THE US AND OTHER WESTERN COUNTRIES TO OPEN COMMERCE IN NON-MILITARY GOODS WITH PYONGYANG TO HELP EASE TENSIONS IN THE REGION, SCIOLINO SAYS. LAST WEEK, SHE REPORTS, YONHAP, QUOTING AN UNIDENTIFIED ROKG OFFICIAL, SAID THE GOVERNMENT WOULD ASK THE US AND JAPAN TO LIFT THEIR RESTRICTIONS ON THE ENTRY OF NORTH KOREANS AND DIPLOMATIC SANCTIONS IMPOSED ON NK FOR ITS BOMBING LAST NOVEMBER OF KA-858.

-- MANN SAYS THE SECRETARY'S REMARKS ABOUT SOVIET AND CHINESE GUARANTEES OF SAFETY FOR THE OLYMPICS WENT FURTHER THAN PREVIOUS COMMENTS BY US OFFICIALS. IN THE PAST, HE STATES, US OFFICIALS HAVE REPEATEDLY EXPRESSED HOPES THAT CHINA AND THE USSR WOULD HELP DETER ANY NORTH UNCLASSIFIED

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KOREAN EFFORT TO UNDERMINE THE GAMES, BUT THEY GENERALLY ADDED A QUALIFICATION THAT NEITHER OF THESE COUNTRIES HAS ANY DIRECT OR CONTROLLING INFLUENCE OVER PYONGYANG.

MANN REPORTS SHULTZ ALSO REMINDED REPORTERS OF CONCERNS ABOUT SAFETY AND SECURITY BEFORE THE LOS ANGELES OLYMPICS IN 1984, WHICH WENT AHEAD WITHOUT ANY PROBLEM. "I FEEL THE SEOUL OLYMPICS WILL GO OFF IN GOOD STYLE," HE QUOTES SHULTZ AS SAYING.

IN RECENT MONTHS, MANN OBSERVES, SOME OLYMPIC ATHLETES HAVE VOICED FEARS ABOUT THEIR SAFETY IN SEOUL AND HAVE SAID THEY PLAN TO STAY IN THE ROK FOR AS SHORT A TIME AS POSSIBLE. HE SAYS SOUTH KOREAN OFFICIALS HAVE BEEN IRKED BY NEWS STORIES IN THE US ABOUT JITTERS OVER THE OLYMPICS. HE REPORTS SHULTZ, IMMEDIATELY AFTER HIS ARRIVAL, STOOD BEFORE SOUTH KOREAN TV CAMERAS AND DECLARED: "AMERICAN ATHLETES ARE EXCITED ABOUT COMING TO SEOUL...THE AMERICAN PEOPLE HAVE GREAT RESPECT FOR

KOREA'S FIRST-RATE PREPARATIONS FOR THE GAMES.

HOWEVER, ACCORDING TO MANN, US OFFICIALS THEMSELVES HAVE CONTRIBUTED TO PUBLIC ANXIETIES OVER THE GAMES. LAST NOVEMBER, HE RECALLS, 115 PEOPLE DIED WHEN A BOMB EXPLODED ON KA-858, AND A NORTH KOREAN WOMAN CONFESSED SHE HELPED PLANT THE BOMB WHILE WORKING AS AN AGENT FOR PYONGYANG. EVER SINCE, HE SAYS, US OFFICIALS HAVE BEEN VOICING CONCERN ABOUT A POSSIBLE TERRORIST ATTACK BY NK

TO UNDERMINE THE OLYMPICS, AN EVENT SOUTH KOREANS HOPE WILL GIVE THE COUNTRY NEW INTERNATIONAL PRESTIGE. HE ADDS THAT THE WORRIES WERE INCREASED LAST MONTH WITH THE DISCLOSURE THAT NK HAS INSTALLED SAM-5 SURFACE-TO-AIR

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MISSILES NEAR THE DMZ.

NEVERTHELESS, MANN STATES, SOME OFFICIALS IN THE US AND ELSEWHERE HAVE BEEN SAYING RECENTLY THAT THE FEARS OF A NORTH KOREAN ATTACK ON THE OLYMPICS ARE BEING EXAGGERATED. "MOST PROFESSIONAL TERRORISTS WOULDN'T TOUCH THE OLYMPICS WITH A 10-FOOT POLE," HE QUOTES ONE US OFFICIAL AS SAYING. HE REPORTS THE OFFICIAL SAID, BECAUSE OF TIGHT SECURITY FOR THE GAMES, A TERRORIST ATTACK WOULD BE AN EXTRAORDINARILY DIFFICULT "LOGISTICAL NIGHTMARE." HE ADDS THAT AN ASIAN DIPLOMAT IN BEIJING SAID LAST WEEK THAT CHINA SEEMS TO HAVE TALKED EXTENSIVELY WITH PYONGYANG, WARNING AGAINST ANY EFFORTS TO UNDERMINE THE OLYMPICS, AND "THE CHINESE SEEM REALLY CONFIDENT (THERE WILL BE NO NORTH KOREAN ATTACK)," THE DIPLOMAT SAID.

-- GIACOMO NOTES THAT SHULTZ ALSO TOUCHED ON TRADE TENSIONS IN HIS STATEMENTS TO REPORTERS ON THE FLIGHT

FROM BEIJING TO SEOUL, SAYING: "OF COURSE THERE IS RESENTMENT IN KOREA BECAUSE OF THE PUSH WE ARE MAKING FOR THEM TO OPEN THEIR MARKETS, BUT SO BE IT. WE SHALL KEEP PUSHING BECAUSE, AFTER ALL, WE HAVE OUR INTERESTS, TOO. BUT THIS IS A CASE WHEN WHAT WE ARE PUSHING FOR IS JUST AS IMPORTANT FOR THEM AS ANYBODY ELSE." SHE ALSO QUOTES SHULTZ AS SAYING: "ECONOMIC OPENNESS, SUCH AS GREATER MARKET ACCESS FOR COMPETITIVE PRODUCTS, IS ESSENTIAL TO A HEALTHY GLOBAL ECONOMY AND CONTRIBUTES TO GREATER PROSPERITY FOR PEOPLE EVERYWHERE."

REGARDING THE POLITICAL CHANGES IN SOUTH KOREA OVER THE PAST YEAR, GIACOMO REPORTS THE SECRETARY SAID THEY HAVE BEEN "NOTHING SHORT OF BREATHTAKING" AND THAT SOUTH KOREANS "CAN COUNT ON AMERICA'S UNWAVERING SUPPORT AS YOU

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WORK TO INSTITUTIONALIZE THE (POLITICAL) CHANGES THAT
HAVE OCCURRED."
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-- IN ANOTHER STORY, GIACOMO (REUTER SEOUL 7/16) REPORTS SHULTZ SAID ON HIS PLANE SATURDAY THAT THE US WILL NOT REDUCE ITS MILITARY FORCES IN SOUTH KOREA IF PROPOSALS BY SEOUL FOR IMPROVED TIES WITH NK BEAR FRUIT. SHE SAYS THE SECRETARY PRAISED ROH'S RECENT 6-POINT PROPOSAL, BUT WHEN ASKED IF HE THOUGHT IT COULD LEAD TO A REDUCTION IN THE 40,000 US SERVICEMEN STATIONED IN THE ROK, HE REPLIED: "NO, I DON'T. I DON'T THINK OF IT IN TERMS OF A DRAWDOWN

OF US TROOPS." SHE REPORTS HE SAID US AND ROK FORCES PERFORM STRICTLY A DETERRENT FUNCTION, AND THIS IS A MAJOR REASON ROH COULD MAKE HIS OVERTURE, SAYING: "YOU CAN MAKE PROPOSALS OF THIS KIND AS A GOVERNMENT IF YOU ARE CONFIDENT OF YOUR DETERRENT CAPABILITY, AND THE US FORCES PLAY AN IMPORTANT ROLE IN THAT."

-- REUTER (SEOUL 7/17) REPORTS SOUTH KOREAN PROTESTERS DEMANDING BETTER LABOR CONDITIONS AND AN END TO US TRADE PRESSURES FOUGHT RIOT POLICE SUNDAY ON THE EVE OF TALKS BETWEEN SHULTZ AND ROH. IT SAYS WITNESSES AT INCHON STATED THAT SOME 1500 STUDENTS AND WORKERS HURLED FIRE BOMBS AND STONES AT HUNDREDS OF POLICEMEN WHO FIRED VOLLEYS OF TEAR GAS TO STOP THE DEMONSTRATORS FROM MARCHING FROM THE INCHON UNIVERSITY CAMPUS TO A LOCAL LABOR OFFICE. THERE WERE NO IMMEDIATE REPORTS OF INJURIES OR ARRESTS, IT ADDS.

DURING A 5-HOUR RALLY, REUTER REPORTS, THE PROTESTERS SHOUTED SLOGANS DEMANDING THAT THE ROKG RELEASE JAILED WORKERS AND IMPROVE WORK CONDITIONS AND PAY, AND THEY BURNED AN EFFIGY OF LABOR MINISTER CHOI MYUNG-HUN. IT SAYS THEY ALSO CALLED ON WASHINGTON TO STOP TRYING TO

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FORCE SEOUL TO OPEN ITS MARKETS TO US FARM PRODUCTS AND ACCUSED THE ROKG OF CAVING INTO TO US DEMANDS.

2. KOREA

-- REUTER (SEOUL) REPORTS NORTH KOREA ON MONDAY, "IN AN APPARENT SOFTENING OF POLICY," ACCEPTED A LETTER FROM SOUTH KOREA'S NATIONAL ASSEMBLY, URGING IT TO ATTEND THE

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SEOUL OLYMPICS, ACCORDING TO PARLIAMENTARY OFFICIALS. IT SAYS THIS WAS THE FIRST COMMUNICATION. PYONGYANG HAS AGREED TO TAKE FROM SEOUL ACROSS THE DMZ SINCE ROH TAE WOO ASSUMED THE PRESIDENCY IN FEBRUARY.

REUTER SAYS THE LETTER CONTAINED THE TEXT OF AN ROK ASSEMBLY RESOLUTION PASSED ON JULY 1 APPEALING TO PYONGYANG TO ABANDON ITS BOYCOTT AND ATTEND THE OLYMPIC GAMES OPENING SEPT 17 TO PAVE THE WAY FOR EVENTUAL REUNIFICATION.

IN THE PAST MONTH, REUTER POINTS OUT, NK HAS REFUSED EVEN TO DISCUSS APPEALS FROM ROH AND FROM THE ROK RED CROSS TO TAKE TENSION-REDUCING STEPS, INCLUDING STUDENT AND SPORTING EXCHANGES. IT SAYS IT WAS NOT IMMEDIATELY CLEAR WHETHER THE NORTH, WHICH SENT AN EMISSARY TO PICK UP THE LETTER IN PANMUNJOM, WAS IN FACT SIGNALLING A CHANGE OF HEART OVER THE OLYMPICS ISSUE.

3. VIETNAM/REFUGEES

-- REUTER, AP (BOTH BANGKOK), NEWSDAY (ALL 7/16), THE LA TIMES (BANGKOK 7/17), AND AFP (WASHINGTON TIMES HANOI) REPORT ON THE US-VIETNAMESE AGREEMENT TO LET "RE-EDUCATION CAMP" DETAINEES EMIGRATE TO THE US.

NEWSDAY AND AFP QUOTE RP DAS FUNSETH AS TELLING REPORTERS THAT VIETNAM AND THE US HAVE REACHED AGREEMENT IN

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PRINCIPLE FOR FORMER VIETNAMESE POLITICAL PRISONERS TO EMIGRATE, FOLLOWING TWO DAYS OF TALKS WITH DEPUTY FOREIGN MINISTER TRAN QUANG CO. ACCORDING TO THE REPORTS, FUNSETH SAID THAT THE US HAD PUT FORWARD A LIST OF 11,000 FORMER INMATES AND 40,000 FAMILY MEMBERS WHO WISHED TO EMIGRATE TO THE US. VIETNAM'S INTERIOR MINISTER MAI CHI THO, THE NEWSPAPERS REPORT, SAYS 500,000 PEOPLE, INCLUDING 100,000 OFFICERS OF THE SOUTH VIETNAMESE ARMY, WERE PLACED IN THE CAMPS SINCE 1975, BUT FEWER THAN 200, "THE MOST DANGEROUS," ACCORDING TO THO, WERE STILL DETAINED.

AFP QUOTES DIPLOMATIC SOURCES AS SAYING THE AGREEMENT IN PRINCIPLE IS ANOTHER SIGN THAT RELATIONS BETWEEN THE US AND VIETNAM HAVE IMPROVED SIGNIFICANTLY SINCE SPECIAL PRESIDENTIAL ENVOY GEN (RET) JOHN VESSEY VISITED VIETNAM IN AUGUST OF 1987. IT SAYS THAT ALL THE APPARENTLY BLOCKED ISSUES BETWEEN THE TWO COUNTRIES, SUCH AS THE SEARCH FOR MIA'S AND THE EMIGRATION OF AMERASIANS, WERE "ABRUPTLY REACTIVATED IN EXCHANGE FOR A COMMITMENT BY THE US TO GIVE HUMANITARIAN AID TO VIETNAM."

AFP QUOTES DIPLOMATIC SOURCES IN HANOI TO THE EFFECT THAT VIETNAM HAS BEEN IN THE GRIP OF AN ECONOMIC CRISIS SINCE IT INVADDED CAMBODIA IN 1978, AND HAS BEEN TRYING RECENTLY TO IMPROVE ITS DIPLOMATIC IMAGE IN THE WEST. THE STORY CITES VIETNAM'S RENEWED CONTACT WITH THE IMF AND ADB IN SEARCH OF CREDIT, AND CLAIMS THAT SOME SOURCES SAY HANOI HAS ASKED THE US TO INTERVENE "BEHIND THE SCENES IN ITS BEHALF."

AFP QUOTES HANOI SOURCES AS SAYING THAT A RESUMPTION OF DIPLOMATIC RELATIONS BETWEEN THE US AND VIETNAM IS NOT

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EXPECTED BEFORE A SETTLEMENT IN CAMBODIA, BUT THAT THE OPENING OF REPRESENTATIVE BUREAUS COULD BE POSSIBLE AFTER THE US PRESIDENTIAL ELECTIONS. IT CITES THE RESCUE OF THREE US NAVY FLIERS FROM THE SOUTH CHINA SEA AND THEIR IMPENDING DEPARTURE FOR BANGKOK OR MANILA AS "ANOTHER EXAMPLE OF HANOI'S NEW WILLINGNESS TO PLEASE."

-- THE WASHINGTON POST'S STRAUSS (7/17) WRITES THAT RADIO HANOI ANNOUNCED THE VIETNAMESE GOVERNMENT'S DECISION TO ALLOW MORE THAN 50,000 PEOPLE, MANY OF THEM OFFICIALS OR EMPLOYEES OF THE FORMER SAIGON GOVERNMENT, WHO WERE PUT IN "RE-EDUCATION CAMPS" AFTER 1975 TO EMIGRATE TO THE US. SHE DESCRIBES THE DECISION, ANNOUNCED FOLLOWING TWO DAYS OF TALKS IN HANOI BETWEEN VIETNAMESE OFFICIALS AND A US DELEGATION LED BY RP DAS FUNSETH, AS AN APPARENT BREAKTHROUGH ON A CENTRAL HUMANITARIAN ISSUE DIVIDING THE US AND VIETNAM. THE TALKS, STRAUSS WRITES, WERE A RESULT OF JUNE MEETINGS BETWEEN PRESIDENTIAL ENVOY VESSEY AND VIETNAM'S FOREIGN MINISTER THACH IN NEW YORK. CITING VIETNAM'S ANNOUNCEMENT JULY 15 OF ITS RESCUE OF THREE NAVY FLIERS AND HANOI'S REPATRIATION OF 25 SETS OF REMAINS JULY 14, SHE WRITES OF A "THAW IN US-VIETNAMESE RELATIONS" AND OF EFFORTS BY VIETNAM, "ONE OF THE POOREST COUNTRIES IN THE WORLD," TO OPEN UP TO THE US AND OTHER WESTERN COUNTRIES IN SEARCH OF TECHNOLOGY AND AID.

STRAUSS QUOTES RADIO HANOI AS SAYING VIETNAM WOULD ALLOW 11,000 FORMER CAMP DETAINEES AND 40,000 OF THEIR FAMILY MEMBERS TO EMIGRATE TO THE US. SHE NOTES THAT THE VNA DID NOT PROVIDE NUMBERS IN AN EARLIER REPORT ON THE GOVERNMENT DECISION.

STRAUSS QUOTES DOS SPOKESMAN RUDI BOONE AS SAYING THE DETAINEES HAD BEEN INCARCERATED BECAUSE OF THEIR CLOSE ASSOCIATION WITH THE US AND ITS ALLIES DURING THE VIETNAM WAR, BUT THE DEPARTMENT GAVE NO COMMENT ON THE RADIO

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HANOI REPORT. SHE QUOTES AN UNIDENTIFIED US OFFICIAL AS SAYING THAT THE US HAD BEEN INFORMED EARLY SATURDAY OF THE DECISION TO ALLOW 50,000 VIETNAMESE TO EMIGRATE.

STRAUSS WRITES THAT THE JOINT PRESS COMMUNIQUE RELEASED IN HANOI EXPRESSED HOPE ON BOTH SIDES THAT PROCESSING OF RELEASED DETAINEES CAN BEGIN WITHIN THE NEXT SEVERAL MONTHS, AND AGREEMENT THAT MORE MEETINGS WOULD BE NEEDED TO WORK OUT DETAILS. SHE ALSO SAYS THAT THE US REASSURED VIETNAM IN THE COMMUNIQUE THAT IT HAD NO INTENTION OF ALLOWING THE RESETTLED VIETNAMESE TO ENGAGE IN ACTIVITIES HOSTILE TO HANOI.

STRAUSS QUOTES VIETNAM'S INTERIOR MINISTER MAI CHI THO AS SAYING THAT MORE THAN HALF A MILLION PEOPLE, MANY FORMER SOLDIERS AND OFFICIALS OF THE SOUTH VIETNAMESE GOVERNMENT, WERE PUT IN "RE-EDUCATION CAMPS" SINCE THE WAR, BUT THAT FEWER THAN 200 REMAINED. THE US ESTIMATES, SHE WRITES, THAT 900,000 PEOPLE WERE DETAINED IN THE

CAMPS.

STRAUSS DESCRIBES THE CAMPS AS CENTERS FOR POLITICAL INDOCTRINATION IN WHICH PRISONERS LIVED UNDER DISMAL CONDITIONS, AND WRITES THAT FORMER INMATES FACED DISCRIMINATION IN THEIR SEARCH FOR WORK AND HOUSING, AND SOME FLED VIETNAM AS BOAT PEOPLE. THE US, ACCORDING TO STRAUSS, HAS VOICED CONCERN ABOUT THE RESETTLEMENT OF THE FORMER CAMP INMATES SINCE 1975.

-- UPI (LA TIMES AND BOSTON GLOBE BANGKOK), THE BALTIMORE SUN, NEWSDAY (MANILA) (ALL 7/16), AND UPI (LA TIMES BANGKOK 7/17) REPORT VIETNAM SAID ITS NAVAL FORCES HAD

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RESCUED THREE US NAVY FLIERS WHO HAD DITCHED THEIR CT-39E LIGHT TRANSPORT TWIN-ENGINE JET NEAR THE SPRATLY ISLANDS IN THE SOUTH CHINA SEA; THE FLIERS ARE IDENTIFIED AS LT RICHARD MAURER, 30, OF HARVEYS LAKE, PA, THE PILOT; LT (JG) ELIZABETH STEINECKER, 29, OF TAMPA, FLA, THE CO-PILOT; AND PETTY OFFICER 1ST CLASS MICHAEL NEEL, OF ALBUQUERQUE, NM. NEWSDAY CITES ONE REPORT THAT SAID THE PLANE HAD BEEN STRUCK BY LIGHTNING AND QUOTES MAURER'S BROTHER AS SAYING HE HAD NO INDICATION WHEN THE FLIERS MIGHT BE RELEASED.

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UPI SAYS THE PLANE HAD BEEN EN ROUTE FROM SINGAPORE TO SUBIC BAY IN THE PHILIPPINES AND, ACCORDING TO A NAVY SPOKESMAN IN MANILA, ITS NAVIGATIONAL SYSTEM FAILED AND IT RAN OUT OF FUEL AND WAS DITCHED JULY 12. AN INTENSIVE SEARCH FOR THE FLIERS WAS CONCENTRATED NEAR THE SPRATLYS, WHERE CHINA AND VIETNAM FOUGHT A SEA BATTLE IN MARCH, IT NOTES.

UPI QUOTES A VIETNAMESE SPOKESMAN SAYING THE FLIERS WERE TAKEN TO VIETNAM, BUT THE THE NAVY IN WASHINGTON COULD NOT CONFIRM IT. IT ALSO QUOTES A US EMBASSY OFFICIAL IN BANGKOK AS SAYING VIETNAM IS LIKELY TO RELEASE THE THREE QUICKLY, AND A US GOVERNMENT SPOKESMAN IN MANILA SAID: "OUR PRESUMPTION IS THAT THEY WILL BE RETURNED."

ACCORDING TO UPI, RADIO HANOI REPORTED THAT THE FLIERS WERE GIVEN CARE AND GOOD TREATMENT, AND THE US GOVERNMENT HAD BEEN INFORMED OF THEIR RESCUE. IT QUOTES NGUYEN VAN QUAN, A SPOKESMAN FOR VIETNAM'S EMBASSY IN BANGKOK, AS SAYING THAT VIETNAM'S AMBASSADOR LE MAI INFORMED US AMBASSADOR WILLIAM BROWN FRIDAY THAT VIETNAM HAD RESCUED THE FLIERS AND WAS TREATING THEM "VERY KINDLY."

UPI NOTES DOS SPOKESWOMAN PHYLLIS OAKLEY SAID: "WE APPRECIATE THE HUMANITARIAN ASSISTANCE RENDERED IN THIS UNCLASSIFIED

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SITUATION BY VIETNAMESE GOVERNMENT OFFICIALS, THEIR RAPID ACTION IN RESCUING THE CREW AND THE COOPERATION IN FACILITATING THE INTERIM CARE AND SAFE RETURN OF THE CREW MEMBERS."

-- AP (MANILA) REPORTS, ACCORDING TO THE US NAVY, VIETNAMESE AUTHORITIES TUESDAY WILL TURN OVER TO US DIPLOMATS THE 3 US FLIERS RESCUED BY THE VIETNAMESE AFTER THEIR PLANE CRASHED IN THE SOUTH CHINA SEA. IT QUOTES CHIEF PETTY OFFICER JAMES O'LEARY OF SUBIC BAY NAVAL BASE AS SAYING THAT THE US EMBASSY IN BANGKOK WAS TO SEND A PLANE TUESDAY TO PICK UP THE FLIERS AT TAN SON NHUT AIRPORT IN VIETNAM AND FLY THEM TO THE THAI CAPITAL, AND A NAVY PLANE WOULD RETURN THEM TO SUBIC.

AP WRITES THAT THE CT-39E JET WAS EN ROUTE FROM SINGAPORE TO SUBIC WHEN IT CRASHED JULY 12 NEAR THE SPRATLYS JULY 12. AMERICAN AND MALAYSIAN AIRCRAFT WERE CONDUCTING A SEARCH FOR THE THREE FLIERS WHEN VIETNAMESE AUTHORITIES NOTIFIED THE STATE DEPARTMENT IN WASHINGTON FRIDAY THAT A VIETNAMESE VESSEL HAD RESCUED THEM, ACCORDING TO AP.

4. AUSTRALIA

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-- UPI (CANBERRA) REPORTS A CAR BELONGING TO THE US DEFENSE ATTACHE, COL DEAN STICKWELL, WAS FIREBOMBED EARLY MONDAY, BUT NO ONE WAS INJURED, ACCORDING TO THE AUSTRALIAN FEDERAL POLICE. "AN INCENDIARY DEVICE WAS PUT UNDERNEATH THE DRIVER'S SIDE OF THE CAR AND EXPLODED, CAUSING ABOUT 2000 DOLLARS OF DAMAGE," IT QUOTES A POLICE SPOKESMAN AS SAYING.

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ACCORDING TO UPI, THE POLICE SAID STICKWELL AND HIS FAMILY WERE ASLEEP AND DID NOT HEAR THE EXPLOSION OUTSIDE THEIR HOME. IT NOTES THE POLICE SPOKESMAN SAID NO MOTIVE FOR THE ATTACK WAS IMMEDIATELY APPARENT. IT SAYS THE FIREBOMBING WAS THE 3RD SUCH INCIDENT IN THE PAST FEW MONTHS IN THE RED HILL SUBURB WHERE MOST OF CANBERRA'S DIPLOMATIC COMMUNITY RESIDES. THE OTHER 2 ATTACKS WERE AGAINST SOUTH AFRICAN DIPLOMATS, IT ADDS.

5. SINGAPORE

-- UPI (7/16), REUTER (NY TIMES 7/17) (BOTH SINGAPORE), AND THE WALL STREET JOURNAL 7/18 REPORT THAT THE SINGAPORE GOVERNMENT SATURDAY RELEASED FORMER SOLICITOR GENERAL FRANCIS SEOW, 59, WHO WAS ARRESTED IN MAY DURING A DIPLOMATIC DISPUTE THAT LED TO THE EXPULSION OF A US OFFICIAL.

ACCORDING TO REUTER, THE DAY AFTER SEOW WAS ARRESTED, SINGAPORE ORDERED US DIPLOMAT E MASON HENDRICKSON OUT OF THE COUNTRY FOR TRYING TO CULTIVATE POTENTIAL OPPOSITION POLITICIANS, ENCOURAGING THEM TO RUN FOR OFFICE AGAINST THE GOVERNMENT, AND TELLING POTENTIAL CANDIDATES THAT FINANCING THEIR CAMPAIGNS SHOULD BE NO PROBLEM, CHARGES DENIED BY WASHINGTON. THE US RETALIATED BY ORDERING A SINGAPORE DIPLOMAT TO LEAVE WASHINGTON, IT NOTES.

REUTER REPORTS THAT SEOW WAS SERVED A ONE-YEAR DETENTION NOTICE ON ACCUSATION OF COLLUSION WITH HENDRICKSON AND TWO OTHER STATE DEPARTMENT OFFICIALS. THE GOS SUBSEQUENTLY SAID IT HAD NO EVIDENCE THAT SEOW HAD RECEIVED US GOVERNMENT FUNDS, IT ADDS.

REUTER DESCRIBES SEOW'S RELEASE AS NOT GENERALLY EXPECTED. IT QUOTES A HOME MINISTRY STATEMENT TO THE EFFECT THAT SEOW HAD BEEN RELEASED ON CONDITION THAT HE

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SHOULD NOT ASSOCIATE OR COMMUNICATE WITH FOREIGN DIPLOMATS OR REPRESENTATIVES OF FOREIGN GOVERNMENTS, AND THAT HE SHOULD NOT LEAVE SINGAPORE WITHOUT GOVERNMENT APPROVAL. THE STATEMENT ALSO SAID THE RELEASE ORDER WOULD BE REVOKED IF SEOW VIOLATED THE CONDITIONS OR PREJUDICED THE SECURITY OF SINGAPORE, IT WRITES.

RECALLING THAT THE GOS EARLIER SAID SEOW WOULD BE FREED IN TIME TO CONTEST GENERAL ELECTIONS, REUTER SAYS HIS RELEASE HAS PROMPTED SPECULATION THAT A PARLIAMENTARY ELECTION MAY BE CALLED SOON. WHITEHEAD

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USOFFICE MAJUROA
 AMCONSUL HONIARA
 AMEMBASSY BANDAR SERI BEGAWAN

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PARIS FOR KANEDA, COMNAVFOR KOREA FOR REAR ADMIRAL PENDLEY

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DOC_NUMBER: 88STATE228114

CHANNEL: n/a

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1. SHULTZ ASIA TRIP/CHINA/CAMBODIA

-- WASHINGTON POST'S OBERDORFER (HONG KONG) REPORTS THAT THE RECENT CHINESE SALE OF MEDIUM-RANGE MISSILES TO SAUDI ARABIA AND REPORTS OF CHINESE SHORT-RANGE MISSILES SALES DISCUSSIONS WITH IRAN, LIBYA, SYRIA AND PAKISTAN ARE CLOSE TO THE TOP OF THE AGENDA FOR SECRETARY SHULTZ'S VISIT TO BEIJING, A SENIOR DOS OFFICIAL SAID WEDNESDAY. HE ADDS REPORTERS WERE TOLD IN HONG KONG THAT ALSO HIGH ON THE LIST IS THE CHINESE POSITION ON A NEGOTIATED SETTLEMENT IN CAMBODIA, AND ESPECIALLY THE QUESTION OF THE CHINESE-SUPPORTED KHMER ROUGE GUERRILLAS.

OBERDORFER SAYS THE SECRETARY'S TRIP IS COMING AT A TIME WHEN SINO-AMERICAN TIES ARE BEING DESCRIBED BY US AIDES AS "A VERY NORMAL RELATIONSHIP WITH A VERY FIRM BASE." HE ADDS THAT, ON THE EVE OF THE JOURNEY, THE US SIDE EXPRESSED CONFIDENCE THAT THE CLOSE TIES CAN WITHSTAND EVEN CONTENTIOUS DIFFERENCES BECAUSE OF THE DEPTH AND SCOPE OF MUTUAL UNDERSTANDING.

OBERDORFER POINTS OUT THAT THE SWIFT AND UNEXPECTED EMERGENCE OF CHINA AS A BALLISTIC MISSILE MERCHANT TO THE MIDDLE EAST ALREADY HAS BEEN THE SUBJECT OF HIGH-LEVEL CHINESE-AMERICAN DISCUSSIONS IN THE PAST 3 MONTHS. HE

Date Printed: 11/22/1996

DOC_NUMBER: 88STATE228114

CHANNEL: n/a

NOTES US SOURCES HAVE REPORTED THAT IRAN HAS BEEN PRESSING THE CHINESE TO SUPPLY IT WITH THE SAME POWERFUL WEAPON IT SECRETLY SAUDI ARABIA. HE ADDS THE CHINESE TOLD THE US, ACCORDING TO A SENIOR US DIPLOMAT, THEY SOLD THE ARMS ONLY TO SAUDI ARABIA AND THAT, "FROM THEIR STANDPOINT, IT WAS SOLD FOR DEFENSIVE PURPOSES ONLY AND IN A NON-NUCLEAR MODE." HE POINTS OUT THE CHINESE HAVE GIVEN NO ASSURANCES ABOUT PLANS FOR THE FUTURE, HOWEVER.

OBERDORFER REPORTS A SENIOR US OFFICIAL SAID WEDNESDAY THAT WASHINGTON BELIEVES BEIJING IS LIVING UP TO ITS UNCLASSIFIED.

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ASSURANCES THAT IT ISN'T PROVIDING SILKWORM MISSILES TO IRAN OR TO THE INTERNATIONAL ARMS MARKET.

OBERDORFER SAYS ANOTHER SENSITIVE MISSILE ISSUE ON THE SECRETARY'S AGENDA IS THE PROJECTED "M-9" SHORT-RANGE BALLISTIC MISSILE NOW REPORTED TO BE UNDER DEVELOPMENT IN CHINA. HE POINTS OUT THAT CONFIRMED REPORTS INDICATE CHINESE SALES PRESENTATIONS HAVE BEEN MADE TO IRAN, LIBYA, SYRIA AND PAKISTAN. SHULTZ, ACCORDING TO OBERDORFER, WILL APPEAL TO THE CHINESE TO PLAY A CONSTRUCTIVE AND STABILIZING ROLE RATHER THAN SUPPLYING

NEW TYPES OF OFFENSIVE WEAPONS IN THE MIDDLE EAST, ACCORDING TO A US OFFICIAL.

ON THE CAMBODIA ISSUE, OBERDORFER REPORTS, THE SECRETARY HAS COMMENDED A JULY 1 CHINESE POLICY STATEMENT THAT WENT FURTHER THAN BEFORE IN SUPPORTING A NEGOTIATED SETTLEMENT.

-- WASHINGTON TIMES SUGGESTS THAT CHINA HAS FOUND A NEW WAY TO PROVE ITS ARMED MIGHT TO THE WORLD: WEAPONS SALES. THE US, WHILE UPSET WITH THE SITUATION, HASN'T BEEN VERY SUCCESSFUL AT STOPPING IT, IT SAYS. IT NOTES SECRETARY SHULTZ HAS ARGUED THAT CHINA IS DESTABILIZING THE MIDDLE EAST BY THE SALES.

-- REUTER'S GIACOMO (HONG KONG 7/13) SAYS RUMORS THAT CHINA MAY SELL BALLISTIC MISSILES TO MOSLEM STATES HAVE RAISED US FEARS THAT THE NEW GENERATION OF ARMS COULD FURTHER DESTABILIZE THE MIDDLE EAST, A US OFFICIAL SAID ON WEDNESDAY. SHE QUOTES THE OFFICIAL AS SAYING: "WE TAKE THEM (THE RUMORS) SERIOUSLY BECAUSE OF WHERE THE COURSE COULD LEAD." SHE ADDS THE OFFICIAL SAID THERE UNCLASSIFIED

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Date Printed: 11/22/1996

DOC_NUMBER: 88STATE228114

CHANNEL: n/a

WERE REPORTS SYRIA, LIBYA, IRAN AND PAKISTAN WERE DISCUSSING ARMS PURCHASES FROM CHINA. GIACOMO QUOTES THE OFFICIAL AS SAYING: "NONE OF THESE ARE CONFIRMED REPORTS, BUT THE MIDDLE EAST IS A HOTBED OF RUMORS AND STORIES AND CLAIMS AND COUNTERCLAIMS."

GIACOMO NOTES THAT SECRETARY SHULTZ'S VISIT TO CHINA WILL INCLUDE TALKS WITH PREMIER LI PENG AND DENG XIAOPING. SHE ADDS THAT THE SECRETARY WILL TRY TO PERSUADE CHINA THAT ADDITIONAL SALES OF BALLISTIC MISSILES IN THE MIDDLE EAST ARE NOT IN BEIJING'S INTEREST, US OFFICIALS SAID. GIACOMO QUOTES A US OFFICIAL AS SAYING: "CHINA SEEMS TO HAVE SOME SHORT-RANGE SYSTEMS UNDER DEVELOPMENT. WE GET REPORTS THEY ARE BEING MARKETING IN THE AREA (MIDDLE EAST). IT DOESN'T APPEAR AT THIS TIME THAT THE MISSILES ARE READY FOR DELIVERY."

-- REUTER'S DINMORE (BEIJING) REPORTS SECRETARY SHULTZ ARRIVED IN CHINA ON THURSDAY FOR TALKS WHICH DIPLOMATS SAID WOULD FOCUS ON CHINESE MISSILE SALES TO THE MIDDLE EAST AND THE FUTURE OF CAMBODIA. HE NOTES US OFFICIALS SAID THE SECRETARY WILL TRY TO CONVINCE THE CHINESE THAT FUTURE SALES ARE NOT IN ITS INTEREST. DINMORE ADDS THAT A SENIOR AMERICAN OFFICIAL TOLD REPORTERS ACCOMPANYING THE SECRETARY THAT CHINA'S WEAPONS DEALS IN THE REGION COULD JEOPARDIZE FURTHER RELAXATIONS BY THE WEST OF RESTRICTIONS IMPOSED ON HIGH-TECHNOLOGY EXPORTS TO CHINA.

ACCORDING TO DINMORE, CHINA'S OFFICIAL MEDIA HAVE PAID "SCANT ATTENTION" TO SHULTZ'S VISIT.

DINMORE REPORTS AN ASIAN DIPLOMAT STATED THAT BEIJING WOULD RAISE THE QUESTIONS OF THE WEST'S RESTRICTIONS OF HIGH TECHNOLOGY SALES TO CHINA AND CLOSE LINKS BETWEEN THE US AND TAIWAN. HE SAYS THAT A SENIOR US OFFICIAL, WHO BRIEFED REPORTERS IN HONG KONG, STATES THAT THERE

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WERE UNCONFIRMED REPORTS SEVERAL MIDDLE EAST COUNTRIES WERE DISCUSSING ARMS PURCHASES FROM CHINA.

ON CAMBODIA, DINMORE NOTES, THE SECRETARY IS EXPECTED TO DISCUSS PRINCE SIHANOUK'S SURPRISE RESIGNATION AND THE WEST'S CONCERN THAT THE KHMER ROUGE SHOULD NOT RETURN TO POWER THERE.

-- LA TIMES' MANN (HONG KONG) SAYS THAT CHINA ALREADY HAS CONCLUDED A DEAL TO SELL NEW "M-9" MISSILES TO SYRIA, ACCORDING TO WESTERN OFFICIALS WHO KEEP TRACK OF CHINESE ARMS SALES. IN RECENT WEEKS, HE NOTES, SOME ALARMED US

Date Printed: 11/22/1996

DOC_NUMBER: 88STATE228114

CHANNEL: n/a

OFFICIALS HAVE VOICED THE FEAR THAT THE DELIVERY OF SUCH MISSILES BY BEIJING TO DAMASCUS COULD EVENTUALLY LEAD TO A PREVENTIVE ISRAELI AIR STRIKE, OR EVEN TO A WAR IN THE MIDDLE EAST.

MANN SAYS THAT IN PUBLIC US OFFICIALS HAVE DESCRIBED THE SALE AS STILL IN THE NEGOTIATING STAGE, BUT WESTERN EXPERTS ON CHINESE ARMS SALES SAID THAT IN REALITY THE DEAL HAS ALREADY BEEN COMPLETED. HE QUOTES ONE SOURCE AS SAYING THE NEW MISSILES ARE NOT READY FOR DELIVERY, BUT CHINA HAS AGREED TO SUPPLY SYRIA "OVER THE NEXT 18 MONTHS." ACCORDING TO MANN, HIS SOURCE WOULD NOT SAY EXACTLY HOW MANY MISSILES SYRIA BOUGHT OR HOW MUCH MONEY IT HAS AGREED TO PAY CHINA.

MANN NOTES THAT A US OFFICIAL, WHO WAS INTERVIEWED ON THE CONDITION THAT HE NOT BE IDENTIFIED, CONFIRMED THAT THE USG IS AWARE THAT A DEAL HAS BEEN CONCLUDED. HE SAYS SECRETARY SHULTZ IS EXPECTED TO MAKE US CONCERNS ABOUT CHINESE ARMS SALES TO THE MIDDLE EAST A PRINCIPAL ITEM ON HIS AGENDA.

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MANN REPORTS A SENIOR US OFFICIAL BRIEFING REPORTERS IN HONG KONG EMPHASIZED THAT "THERE ARE NO DELIVERIES TAKING PLACE, AND IT DOESN'T APPEAR AT THIS TIME THE MISSILE IS READY FOR DELIVERY... YOU HAVE TO DRAW A DISTINCTION BETWEEN A SALE AND A DELIVERY."

MANN QUOTES ONE US OFFICIAL AS SAYING: "WHAT CHINA IS

DOING COULD LEAD TO A WAR." BUT HE ADDS ANOTHER US OFFICIAL DISAGREED, WHILE ADDING THAT THE INTRODUCTION OF MISSILES INTO THE MIDDLE EAST COULD CREATE PROBLEMS OF CRISIS MANAGEMENT, WITH ONE POSSIBLE CRISIS BEING AN ATTEMPTED AIR STRIKE AGAINST THE MIDDLE. HE SAYS SHULTZ AND OTHER US OFFICIALS HAVE BECOME INCREASINGLY CRITICAL OF CHINA FOR ITS ARMS SALES POLICIES. IN BANGKOK LAST WEEK, HE POINTS OUT, SHULTZ TOOK THE "EXTRAORDINARY" STEP OF PUBLICLY COMPLAINING ABOUT BEIJING'S ARMS SALES.

MANN POINTS OUT THAT WHEN ASKED AT A NEWS CONFERENCE IN BANGKOK LAST WEEK ABOUT PROPOSALS FOR A NUCLEAR-FREE ZONE IN THE PACIFIC, SECRETARY SHULTZ EXPLAINED THE OFFICIAL US POLICY AND THE IMPORTANCE OF NUCLEAR DETERRENTS. HE THEN N

OTED, ACCORDING TO MANN, WHAT HE CALLED THE IRONY THAT JUST WHEN THE US AND THE USSR HAVE SIGNED A TREATY ELIMINATING A CLASS OF INTERMEDIATE-RANGE NUCLEAR MISSILES, THE CHINESE HAVE BEGUN TO SELL SUCH MISSILES.

-- WASHINGTON TIMES' NEILAN (BEIJING) SUGGESTS THAT CHINA'S INCREASING ACTIVITY AS AN ARMS SALESMAN UNDERLINES THE INTENTION OF CHINA'S MILITARY TO RETAIN POWER IN THE NATION'S INTERNAL POLITICAL STRUCTURE. THE ARMS SALES ISSUE, HE SAYS, TOPS SECRETARY SHULTZ'S AGENDA IN BEIJING, WHERE HE IS EXPECTED TO MEET WITH DENG XIAOPING, ZHAO ZIYANG, LI PENG AND QIAN QICHEN.

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ACCORDING TO NEILAN, WHEN DENG ORDERED THE DEMOBILIZATION OF 1 MILLION PLA SOLDIERS, MANY ANALYSTS THOUGHT THE PLA'S ROLE IN CHINA'S FUTURE WOULD BE DIMINISHED. BUT, HE ADDS, DENG UNDERSTANDS THE MILITARY IS HIS TRUMP CARD AND KNOWS THAT OLD-LINE GENERALS TO WHOM HE OWES SUPPORT WANT A PIECE OF THE MODERNIZATION ACTION. HE SAYS THAT A VISITOR NEED LOOK NO FURTHER THAN BEIJING'S MOST MODERN SKYSCRAPER, THE "CITIC" BUILDING, TO FIND THE NERVE CENTER OF CHINA'S WORLDWIDE ARMS SALES NETWORK BACKED BY THE PLA. HE NOTES THAT ON A LOWER FLOOR OF THE BUILDING ARE THE OFFICES OF "POLY TECHNOLOGIES," A THINLY DISGUISED OVERSEAS SALES AND PROCUREMENT CHANNEL OF THE PLA'S GENERAL STAFF HEADQUARTERS.

NEILAN REPORTS THAT WHILE THEIR NAMES AREN'T ON THE DOOR, THE 3 TOP OFFICERS OF THE COMPANY SUGGEST WHY THEY HAVE SO MUCH CLOUT. HE REPORTS THE CHIEF IS HE PING, SON-IN-LAW OF DENG. A LEADING DEPUTY, HE POINTS OUT, IS WANG ZHIHUA, SON-IN-LAW OF ZHAO ZIYANG. THE THIRD, HE SAYS, IS WANG XIAOCHAO, WHO IS MARRIED TO THE DAUGHTER OF THE CHINESE PRESIDENT.

NEILAN POINTS OUT THAT WHILE THE MILITARY IS LISTED AS LAST AMONG THE 4 MODERNIZATIONS, IT HAS EMERGED AS A STRONG PRODUCER OF FOREIGN EXCHANGE THROUGH ARMS SALES. HE SAYS THAT AP REPORTED FROM HONG KONG THAT A DOS SOURCE SAID THE CHINESE ALREADY HAVE SOLD CSS-2 INTERMEDIATE-RANGE MISSILES TO SAUDI ARABIA AND MAY BE MARKETING IN THE MIDDLE EAST ANOTHER MISSILE STILL BEING TESTED IN CHINA. HE QUOTES THE OFFICIAL, WHO SPOKE TO AP ON THE CONDITION OF ANONYMITY, AS SAYING: "THE BALLISTIC MISSILES... ARE BEING INTRODUCED INTO ONE OF THE MOST VOLATILE AREAS OF THE WORLD. THEY (CHINESE) HAVE

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INTRODUCED A NEW WEAPONS SYSTEM THAT HAD NOT BEEN IN THE

MIDDLE EAST BEFORE."

ACCORDING TO NEILAN, ISRAELI OFFICIALS HAVE BEEN QUOTED AS SAYING THE CHINESE MAY BE SELLING M-9 MISSILES TO SYRIA. HE SAYS THE DOS SOURCE TOLD AP THAT CHINA DENIES THIS AND SAYS THE CSS-2 SALES TO SAUDI ARABIA WERE NON-NUCLEAR. HE COMMENTS THAT WHILE THE SECRETARY ARGUES CHINA IS DESTABILIZING THE WORLD, DENG AND HIS COLLEAGUES MIGHT AS WELL BE WEARING "I LOVE PROLIFERATION" T-SHIRTS. HE CONCLUDES BY STATING THAT CHINA, LED BY "POLY TECHNOLOGIES" AND "CHINA NORTH INDUSTRIES," HAS SOLD OVER 6 BILLION DOLLARS IN ARMS TO THE THIRD WORLD SINCE 1984.

-- WALL STREET JOURNAL'S IGNATIUS (BEIJING) OPENS BY COMMENTING IN A "FOREIGN INSIGHT" PIECE THAT SECRETARY SHULTZ'S LAST VISIT TO BEIJING WAS MARRED BY THE "FURNITURE FIASCO." HE SAYS THAT DURING THE 3/87 TRIP SECRET SERVICE MEN, SUSPECTING BUGGING DEVICES IN AN ANTIQUE TABLE IN THE SECRETARY'S ROOM, DISMANTLED IT AND FOUND NOTHING. ACCORDING TO PEOPLE FAMILIAR WITH THE INCIDENT, HE REPORTS, THE US LEFT THE CHINESE WITH A "USELESS HEAP OF PARTS." HE REPORTS THE CHINESE, INCENSED AT THE INCIDENT, PRESENTED THE US DELEGATION WITH A WHOPPING BILL. HE SAYS IT ILLUSTRATES THE SUSPICION AND IRRITATION THAT PERSISTS BETWEEN CHINA AND THE US.

IGNATIUS OBSERVES THAT THE 2 SIDES CONTINUE TO DISAGREE, SOMETIMES STRONGLY AND IN PUBLIC, ON FUNDAMENTAL BILATERAL AND INTERNATIONAL ISSUES. DURING THIS TRIP, HE NOTES, THE SECRETARY IS EXPECTED TO "GRILL" CHINESE LEADERS ON A RANGE OF SENSITIVE TOPICS, INCLUDING CHINA'S SUPPORT FOR THE KHMER ROUGE IN CAMBODIA AND BEIJING'S ARMS SALES TO THE MIDDLE EAST. HE ADDS THAT SHULTZ IS

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EXPECTED TO RECEIVE AN EARFUL ON US RESTRICTIONS ON EXPORTS OF HIGH-TECHNOLOGY ITEMS.

IGNATIUS QUOTES AMBASSADOR LORD AS SAYING: "CHINA AND THE US ARE FRIENDS, THOUGH NOT ALLIES. WE HAVE PARALLEL POLICIES ON MANY ISSUES, THOUGH ON OTHERS WE HAVE SIGNIFICANT DISAGREEMENTS." IGNATIUS POINTS OUT THE US IS STILL TROUBLED BY CHINA'S CAMBODIA POSITION. THOUGH, HE STATES, CHINESE OFFICIALS PRIVATELY HAVE TOLD THE US THEY OPPOSE A MAJOR ROLE FOR THE KHMER ROUGE OR ITS LEADER, POL POT, IN ANY FUTURE GOVERNMENT. ACCORDING TO IGNATIUS, BEIJING HAS TOLD WASHINGTON THAT THEY PREFER TO SEE A "NON-SOCIALIST" GOVERNMENT, HEADED BY PRINCE SIHANOUK. HE REPORTS THE CHINESE, HOWEVER, CONTINUE TO

ARM THE KHMER ROUGE, ACCORDING TO INTELLIGENCE SOURCES.

SHULTZ HOPES TO GET CHINA'S ASSURANCE THAT IT WILL DO WHAT IT CAN TO ENSURE THAT THE KHMER ROUGE DON'T RETURN TO POWER, IGNATIUS REPORTS. BUT, HE ADDS, WHILE BEIJING MIGHT DO SO IN PRIVATE, NO ONE EXPECTS A PUBLIC STATEMENT TO THAT EFFECT. HE SAYS THE CHINESE VIEW THE KHMER ROUGE AS THE MOST EFFECTIVE MEANS FOR PRESSURING VIETNAM TO WITHDRAW FROM CAMBODIA. BEIJING AND WASHINGTON, HE STATES, NOW SEEM HOPEFUL OF RESOLVING THE ISSUE, DIPLOMATS IN BEIJING POINT OUT. IF VIETNAM WITHDRAWS, THERE MIGHT BE A SINO-SOVIET SUMMIT, SOMETHING WHICH WASHINGTON FAVORS, ACCORDING TO IGNATIUS.

ON ARMS SALES, IGNATIUS SAYS, US PROTESTS ABOUT SILKWORM MISSILE SALES TO THE MIDDLE EAST LED WASHINGTON TO SUSPEND PLANS TO LIBERALIZE HIGH-TECHNOLOGY SALES TO CHINA LAST OCTOBER. NOW, IGNATIUS POINTS OUT, AMERICANS ARE TROUBLED BY RECENT DISCLOSURES THAT CHINA HAS BEEN

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SELLING SAUDI ARABIA INTERMEDIATE-RANGE MISSILES THAT CAN BE EQUIPPED WITH NUCLEAR WARHEADS.

-- REUTER'S DINMORE (BEIJING) REPORTS CHINA'S WEAPONS SALES IN THE MIDDLE EAST COULD JEOPARDIZE FURTHER RELAXATIONS OF HIGH-TECH EXPORTS TO CHINA BY THE WEST, A SENIOR US OFFICIAL SAID ON THURSDAY. HE AND OTHERS SAID THAT SECRETARY SHULTZ, IN TALKS ON THURSDAY AND FRIDAY, WILL TRY TO PERSUADE CHINESE LEADERS THAT FURTHER SALES ARE NOT IN BEIJING'S INTEREST, HE SAYS.

SHORTLY AFTER ARRIVING IN BEIJING, THE SECRETARY MET WITH CHINESE FOREIGN MINISTER QIAN AT THE STATE GUEST HOUSE, DINMORE NOTES. DETAILS OF THE TALKS, HE SAYS, WERE NOT IMMEDIATELY AVAILABLE. ACCORDING TO DINMORE, THE SECRETARY IS EXPECTED TO MEET WITH DENG XIAOPING AND LI PENG ON FRIDAY. HE REPORTS THAT DIPLOMATS SAID WASHINGTON COULD USE THE RELAXATION OF HIGH-TECH

RESTRICTIONS TO MAKE CHINA REIN IN ITS ARMS SALES.

DINMORE REPORTS THAT WHEN ASKED TO COMMENT ON SIHANOUK'S RESIGNATION, A CHINESE SPOKESMAN SAID CHINA HAD ALWAYS RESPECTED SIHANOUK AND DID NOT INTERFERE WITH HIS ACTIONS.

-- REUTER'S GIACOMO (BEIJING) REPORTS CHINESE LEADERS TOLD SECRETARY SHULTZ THURSDAY THAT THEY WOULD CONSIDER A US PROPOSAL TO HOLD TALKS ON CURBING THE SPREAD OF BALLISTIC MISSILES, ACCORDING TO A SENIOR US OFFICIAL. THE CHINESE ASSURED SHULTZ, "THEY HAVE SOLD (BALLISTIC)

Date Printed: 11/22/1996

DOC_NUMBER: 88STATE228114

CHANNEL: n/a

MISSILES ONLY TO SAUDI ARABIA AND THAT THEY WOULD THINK ABOUT OUR PROPOSAL TO GO INTO THIS (ISSUE) IN GREATER DEPTH," SHE QUOTES THE OFFICIAL AS SAYING.

ACCORDING TO GIACOMO, IN MORE THAN 3 HOURS OF TALKS WITH FOREIGN MINISTER QIAN AND LATER AT DINNER SHULTZ RAISED

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US CONCERNS ABOUT THE SPREAD OF BALLISTIC MISSILES, ESPECIALLY IN THE MIDEAST.

"THE DEVELOPING WORLD IS INCREASINGLY BURDENED BY THIS FLOW OF ADVANCED WEAPONRY. THE INTERNATIONAL COMMUNITY AS A WHOLE MUST FIND WAYS TO STANCH THIS ARMS TRAFFIC," GIACOMO QUOTES SHULTZ AS SAYING AT A DINNER HOSTED BY QIAN IN THE GREAT HALL OF THE PEOPLE. WHILE THE SECRETARY DID NOT MENTION CHINA SPECIFICALLY, IT WAS CLEAR HIS PAST STATEMENTS AND THOSE FROM HIS AIDES OF WHAT HE MEANT, SHE STATES.

GIACOMO REPORTS THE SECRETARY ALSO PROMISED TO "DO OUR BEST TO KEEP THE FLOWS OF ADVANCED TECHNOLOGY ABROAD AS UNCONSTRAINED AS POSSIBLE."

GIACOMO QUOTES THE SENIOR US OFFICIAL AS SAYING QIAN STRESSED CHINA'S POLICY OF SELLING ONLY ARMS THAT WOULD BE USED FOR SELF-DEFENSE AND WHICH WOULD NOT THREATEN REGIONAL STABILITY.

GIACOMO REPORTS THE OFFICIAL ALSO STATED THAT THE CHINESE TOLD SHULTZ THERE WERE INDICATIONS SENIOR KHMER ROUGE LEADERS, APPARENTLY INCLUDING POL POT, WOULD RETIRE IN CONNECTION WITH A NEGOTIATED WITHDRAWAL OF VIETNAMESE TROOPS FROM CAMBODIA. REGARDING AN INTERNATIONAL PEACEKEEPING FORCE, AS CALLED FOR BY THE ASEAN COUNTRIES, SHE NOTES THE OFFICIAL SAID THE CHINESE TOLD THE SECRETARY THEY CAN "SEE A ROLE FOR INTERNATIONAL SUPERVISORS (BUT), LIKE US, THEY DON'T KNOW WHAT FORM THAT MIGHT TAKE. THEY SAID THEY COULD AGREE TO WHAT EVER THE PARTIES (TO THE CONFLICT) MIGHT SUPPORT."

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REGARDING KOREA, GIACOMO REPORTS, THE OFFICIAL SAID SHULTZ AND QIAN AGREED THAT INCREASED CONTACTS BETWEEN NORTH AND SOUTH KOREA COULD EASE TENSIONS. "SHULTZ SAID WE SEE SOME POSSIBILITY OF DIPLOMATIC MOVEMENT" ON THIS

MATTER BECAUSE OF ROH TAL WOO'S NEW 6-POINT PLAN FOR STUDENT AND FAMILY EXCHANGES, INCREASED TRADE, AND NEW CONTACTS WITH NORTH KOREA IN INTERNATIONAL FORA, SHE QUOTES THE OFFICIAL AS SAYING. SHE REPORTS SHULTZ BELIEVES NORTH KOREA SHOULD RESPOND POSITIVELY TO ROH'S PROPOSAL BECAUSE THE MONTHS PRECEDING THE OLYMPICS PROVE AN "APPROPRIATE TIME TO CREATE A BETTER ATMOSPHERE" BETWEEN THE 2 KOREA, ACCORDING TO THE OFFICIAL.

GIACOMO ALSO REPORTS THAT SHULTZ AND QIAN, IN THEIR DINNER TOASTS, SAID US-SINO RELATIONS HAD GREATLY IMPROVED, DESPITE SOME UPS AND DOWNS, AND WOULD CONTINUE TO STRENGTHEN REGARDLESS OF WHICH PARTY WINS THE US PRESIDENTIAL ELECTION IN NOVEMBER.

2. PHILIPPINES

-- THE WASHINGTON POST'S MCALLISTER AND MARCUS REPORT THAT THE REAGAN ADMINISTRATION ACKNOWLEDGED WEDNESDAY THAT, BECAUSE OF POSSIBLE FOREIGN POLICY IMPLICATIONS, IT HAS DIRECTED THE JUSTICE DEPARTMENT TO ALLOW THE WHITE HOUSE

TO REVIEW ANY PROPOSED INDICTMENT OF MARCOS. THEY SAY MARCOS, WHO HAS DENIED ANY WRONGDOING, HAS BEEN UNDER INVESTIGATION BY A FEDERAL GRAND JURY IN NEW YORK FOR HIS REAL ESTATE DEALINGS THERE AND OTHER ACTIVITIES.

MCALLISTER AND MARCUS QUOTE DOJ SOURCES AS SAYING WEDNESDAY THAT US ATTORNEY RUDOLPH GIULIANI IN MANHATTAN HAD FORWARDED A DRAFT INDICTMENT OF MARCOS TO WASHINGTON FOR REVIEW BY THE DEPARTMENT'S CRIMINAL DIVISION AND SENIOR OFFICIALS ALONG WITH A REVISED VERSION TO ANSWER DEPARTMENTAL CRITICISM. HOWEVER, THEY ADD, THE SOURCES

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SAID THE CASE HAS BECOME EMBROILED IN A DISPUTE BETWEEN LAWYERS IN WASHINGTON, WHO HAVE QUESTIONED WHETHER THE CASE MERITS INDICTMENT, AND THOSE IN GIULIANI'S OFFICE, WHO ARE URGING THAT IT GO FORWARD. THEY REPORT OFFICIALS IN WASHINGTON HAVE RAISED QUESTIONS ABOUT THE WISDOM OF SEEKING AN INDICTMENT OF A FORMER FOREIGN LEADER FOR ACTS THAT HE ALLEGEDLY COMMITTED BEFORE BEING INVITED TO ENTER THE US.

MCALLISTER AND MARCUS REPORT THE SOURCES SAID DOJ LAWYERS IN WASHINGTON HAVE NOT YET MADE A RECOMMENDATION ON WHETHER TO PROCEED WITH A REVISED INDICTMENT. THEY ADD

GIULIANI WEDNESDAY SAID HE COULD NOT COMMENT ON THE "INTERNAL PROCESS."

Date Printed: 11/22/1996

DOC_NUMBER: 88STATE228114

CHANNEL: n/a

MCALLISTER AND MARCUS REPORT WHITE HOUSE SPOKESMAN FITZWATER SAID WEDNESDAY THAT THE ADMINISTRATION DIRECTIVE WAS MADE AFTER THE INDICTMENT EARLIER THIS YEAR OF PANAMA'S NORIEGA AND DID NOT REPRESENT A WHITE HOUSE EFFORT TO VETO ANY PROPOSED MARCOS INDICTMENT. THEY NOTE FITZWATER SAID THE PROPOSAL WAS MADE TO "STRENGTHEN" AN INFORMAL PROCESS UNDER WHICH THE JUSTICE DEPARTMENT HAS TYPICALLY INFORMED THE NSC STAFF ABOUT POSSIBLE INDICTMENTS OF FOREIGN FIGURES.

ACCORDING TO MCALLISTER AND MARCUS, FITZWATER SAID THE NEW POLICY IS DESIGNED TO ENSURE THAT THE NSC IS FULLY BRIEFED ON ANY PENDING INDICTMENT. "THIS IS A MATTER THAT HAS FOREIGN POLICY IMPLICATIONS," THEY REPORT FITZWATER SAID OF THE MARCOS INVESTIGATION; "WE WANT TO REVIEW IT FOR THAT REASON, AND WE CERTAINLY WOULD MAKE OUR VIEWS KNOWN TO THE JUSTICE DEPARTMENT." THEY ADD

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FITZWATER SAID THE ADMINISTRATION WANTS TO REVIEW ANY PROPOSED INDICTMENT BECAUSE IT HAD "GIVEN CERTAIN ASSURANCES" TO MARCOS WHEN HE FLED HAWAII IN 1986. THEY REPORT HE ALSO SAID THAT ALTHOUGH MARCOS IS OUT OF OFFICE, HE "STILL HAS INFLUENCES AND CONTACTS IN THAT PART OF THE WORLD. SO THERE ARE ANY NUMBER OF FOREIGN POLICY ISSUES THAT NEED TO BE CONSIDERED."

MCALLISTER AND MARCUS REPORT DOJ OFFICIALS INVOLVED IN THE MARCOS INVESTIGATION HAVE CONSISTENTLY SAID THEY WOULD SEEK WHITE HOUSE APPROVAL BEFORE SEEKING ANY INDICTMENT.

-- AP (7/13) REPORTS FITZWATER SAID WEDNESDAY THAT THE WHITE HOUSE HAS ASKED TO BE CONSULTED BEFORE ANY ATTEMPT BY THE JUSTICE DEPARTMENT TO OBTAIN AN INDICTMENT OF MARCOS. IT NOTES HE ADDED, HOWEVER, THAT HE COULD NOT CONFIRM A REPORT THAT US ATTORNEY RUDOLPH GIULIANI RECOMMENDED AN INDICTMENT OF MARCOS AND IMELDA IN CONNECTION WITH THEIR NEW YORK REAL ESTATE HOLDINGS. "WE HAVE TOLD THE JUSTICE DEPARTMENT THAT BEFORE ANY INDICTMENTS ARE ISSUED, THE WHITE HOUSE DOES WANT TO REVIEW THE MATTER," IT QUOTES FITZWATER AS SAYING. IT NOTES HE ADDED THAT THERE WAS NOTHING IRREGULAR OR UNUSUAL ABOUT THE PRACTICE OF GIVING THE WHITE HOUSE SOME CONSULTATION BEFORE SEEKING AN INDICTMENT WHICH COULD HAVE FOREIGN POLICY OVERTONES OR CONSEQUENCES, THOUGH HE ADDED THAT THE WHITE HOUSE DOES NOT HAVE "VETO POWER" OVER A DOJ DECISION TO SEEK AN INDICTMENT.

"THIS IS A MATTER THAT HAS FOREIGN POLICY IMPLICATIONS. WE WANT TO REVIEW IT FOR THAT REASON, AND WE CERTAINLY

-- AP, UPI, AFP, REUTER (ALL 7/12) AND THE WASHINGTON TIMES (7/13) (ALL PARIS) REPORT SIHANOUK ARRIVING IN FRANCE, TUESDAY CHARGED THAT THE KHMER ROUGE HAD STARTED

KILLING FELLOW RESISTANCE FIGHTERS.

ACCORDING TO AP, THE PRINCE SAID HE RESIGNED AS PRESIDENT OF THE RESISTANCE COALITION BECAUSE OF ASSAULTS ON HIS FORCES BY HIS SUPPOSED ALLIES IN THE KR. "THE KHMER ROUGE HAVE TAKEN ADVANTAGE OF THE WITHDRAWAL OF VIETNAMESE FORCES WEST OF THE MEKONG RIVER TO STEP UP ATTACKS AND AMBUSHES AGAINST THE SIHANOUKIST NATIONAL ARMY. IN THE LAST FEW DAYS I HAVE LOST QUITE A FEW SOLDIERS AND OFFICERS. THE KHMER ROUGE WANT NOW TO LIQUIDATE SIHANOUKISM," IT QUOTES HIM AS SAYING

AP REPORTS THE PRINCE ALSO CRITICIZED BACKERS OF THE COALITION "WHO FAVOR THE KHMER ROUGE OUTRAGEOUSLY IN THEIR DISTRIBUTION OF ARMS." WHILE SIHANOUK DID NOT SPECIFY ABOUT WHOM HE WAS SPEAKING, THE KR'S MAIN SUPPLIER AND SUPPORTER IS CHINA, IT NOTES.

AP ADDS SIHANOUK SAID HIS DECISION TO STEP DOWN THIS TIME IS "IRREVOCABLE." IT ALSO REPORTS THAT HE CALLED ON FRANCE, THE US, AND OTHER COUNTRIES TO TAKE STEPS TO PREVENT "THE RETURN OF POL-POTISM IN ALL ITS HORROR" TO CAMBODIA, AND HE COMPLAINED THAT "CERTAIN SPONSORS OF THE COALITION CONTINUE TO EXPLOIT THE SIHANOUK NAME TO PERMIT THE KHMER ROUGE TO SEIZE POWER."

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AP SAYS SIHANOUK ALSO STATED THAT HE WOULD NOT ATTEND THE PEACE TALKS IN INDONESIA SCHEDULED TO BEGIN JULY 25 AND THAT HIS SON RANARIDDH WOULD REPLACE HIM AT THE TALKS.

-- UPI SAYS THE PRINCE CHARGED THAT KR IS MOVING TO "LIQUIDATE" HIS FORCES IN A BID TO CONSOLIDATE CONTROL AS THE VIETNAMESE WITHDRAW FROM CAMBODIA. ACCORDING TO UPI, WHILE SAYING HE WOULD NOT TAKE PART IN THE JAKARTA TALKS, SIHANOUK LEFT OPEN THE POSSIBILITY THAT HE WOULD TAKE SOME ROLE IF CIRCUMSTANCES CHANGED TO HIS LIKING.

UPI REPORTS SIHANOUK ALSO CITED A NEWSPAPER ARTICLE PUBLISHED IN BANGKOK AS PART OF WHAT HE SAID WAS A "CAMPAIGN OF CALUMNY" AGAINST HIM AS THE LAST STRAW.

-- REUTER QUOTES HIM AS SAYING: "I HAVE DECIDED IRREVOCABLY TO RESIGN. THE KHMER ROUGE MUST BE STOPPED FROM REGAINING POWER, OTHERWISE WE RISK A RETURN TO THE DAYS OF POL POT IN ALL THEIR HORROR... I AM COUNTING ON

EUROPE, THE US, AND JAPAN TO STOP THEM."

-- REUTER (JAKARTA 7/12) REPORTS THE INDONESIAN FOREIGN MINISTRY SAID TUESDAY THAT JAKARTA IS GOING AHEAD WITH

PLANS FOR TALKS ON CAMBODIA LATER THIS MONTH, DESPITE SIHANOUK'S RESIGNATION. "THERE HAS BEEN NO CHANGE IN OUR PLANS WHATSOEVER," IT REPORTS FOREIGN MINISTER ALI ALATAS SAID THROUGH A SPOKESMAN.

-- REUTER (FERE-EN-TARDENOIS, FRANCE 7/12) REPORTS AIDES TO SIHANOUK SAID TUESDAY THAT THE PRINCE HAS REJECTED A CALL FOR TALKS ON CAMBODIA FROM PHNOM PENH'S HUN SEN. IT ALSO QUOTES THE AIDES AS SAYING SIHANOUK RESIGNED AS HEAD

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OF THE RESISTANCE COALITION TO "FORCE THE HAND" OF THE OTHER OPPOSITION GROUPS AND HANOI.

-- REUTER (FERE-EN-TARDENOIS 7/13) REPORTS AIDES TO SIHANOUK SAYING THE PRINCE IS SEEKING TO REIMPOSE HIS AUTHORITY AS HEAD OF THE ANTI-VIETNAMESE FORCES WITH A SERIES OF SURPRISE MOVES. "THE PRINCE HAS ACTED TO FORCE THE HANDS OF OTHER PARTIES INVOLVED. HE WANTS IT CONFIRMED THAT HE IS STILL NEEDED TO FIGHT FOR A FREE CAMBODIA," IT QUOTES ONE AIDE AS SAYING.

-- REUTER (HAVANA 7/13) REPORTS CUBA'S COMMUNIST PARTY NEWSPAPER "GRANMA" SAID WEDNESDAY THAT HENG SAMRIN WILL PAY AN OFFICIAL VISIT TO CUBA SOON. IT SAYS CUBA HAS FRIENDLY TIES WITH THE VIETNAMESE-BACKED CAMBODIAN REGIME.

-- UPI (7/13) REPORTS VIETNAM'S FOREIGN MINISTER THACH SAID HE INTENDS TO GO TO THE JAKARTA MEETING FOR CAMBODIAN PEACE TALKS, BUT HE WILL WAIT AND SEE IF THE MEETING FOLLOWS THE AGREED FORMAT BEFORE PARTICIPATING, ACCORDING TO VNA WEDNESDAY. "VIETNAM AND LAOS WILL GO TO JAKARTA, BUT WE SHALL WAIT FOR THE ASEAN COUNTRIES' CONFIRMATION OF THEIR RESPECT FOR THE VIETNAM-INDONESIA JOINT COMMUNIQUE SIGNED ON JULY 29, 1987. IN THAT CASE, VIETNAM AND LAOS WILL TAKE PART IN THE SECOND PHASE OF THE COCKTAIL PARTY. IF NOT, VIETNAM AND LAOS WILL NOT ATTEND," IT REPORTS THACH TOLD VNA.

UPI REPORTS THACH WAS ALSO QUOTED BY VNA AS WELCOMING SIHANOUK'S RESIGNATION IF IT MEANS "THE TERMINATION OF HIS COOPERATION WITH THE POL POT GENOCIDAL CLIQUE. IF THE RESIGNATION THIS TIME, LIKE PREVIOUS ONES, MEANS HE WOULD AGAIN COOPERATE WITH THE POL POT GENOCIDAL CLIQUE, IT WILL NOT BE GOOD FOR HIM."

MEANWHILE, UPI ADDS, PHNOM PENH'S OFFICIAL SPK NEWS
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AGENCY SAID PHNOM PENH "WILL SEND ITS REPRESENTATIVES TO ATTEND THIS COCKTAIL PARTY IF (ASEAN) GOES BY THE CLASUES AGREED ON...IN HO CHI MINH CITY."

4. VIETNAM/MIA'S

-- THE WASHINGTON POST (BANGKOK), THE LA TIMES, AND THE BALTIMORE SUN REPORT 25 SETS OF REMAINS BELIEVED TO BE THOSE OF AMERICANS WERE TURNED OVER TO THE US BY VIETNAM WEDNESDAY IN A SIMPLE CEREMONY AT HANOI'S AIRPORT. THE POST QUOTES THE US EMBASSY IN BANGKOK AS SAYING: "THE US GOVERNMENT APPRECIATES THE INITIATIVE TAKEN BY VIETNAM TO REPATRIATE THESE REMAINS AND HOPES IT REPRESENTS JUST ONE OF MANY CONTINUED STEPS TO RESOLVE THIS LONGSTANDING HUMANITARIAN PROBLEM."

5. VIETNAM/THAILAND/REFUGEES

-- REUTER (BANGKOK) REPORTS A SENIOR THAI OFFICIAL SAID THURSDAY THAT VIETNAM, IN A MAJOR POLICY CHANGE, HAS SAID IT IS WILLING IN PRINCIPLE TO TAKE BACK VIETNAMESE BOAT PEOPLE TURNED DOWN BY RESETTLEMENT COUNTRIES. IT SAYS THE NEW VIETNAMESE APPROACH, REVEALED IN MEETINGS WITH UN OFFICIALS, WILL BE A KEY ELEMENT OF TALKS IN BANGKOK NEXT WEEK INVOLVING ASIAN COUNTRIES WHERE THE BOAT PEOPLE LAND AND THE UNHCR.

"VIETNAM TOLD THE UNHCR IT WAS READY TO TAKE BACK THE REFUGEES (NOT ACCEPTED FOR RESETTLEMENT IN 3RD COUNTRIES) AND ASKED THE UNHCR TO ARRANGE DETAILS OF A REPATRIATION PROGRAM," IT QUOTES THE THAI OFFICIAL AS SAYING. IT ADDS HE SAID THAILAND WELCOMES VIETNAM'S APPROACH, CALLING IT "A POSITIVE AND ENCOURAGING DEVELOPMENT IN VIETNAM'S
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ATTITUDE."

6. KOREA

-- REUTER (SEOUL) REPORTS THAT PRESIDENT ROH ON THURSDAY VETOED OPPOSITION BILLS THAT WOULD HAVE OBLIGED CHUN DOO HWAN TO ANSWER IN PARLIAMENT FOR ALLEGED ABUSES DURING HIS RULE, A PRESIDENTIAL SPOKESMAN SAID. IT ADDS THAT,

DESPITE FEARS OF A POLITICAL CRISIS, ROH ACCEPTED A CABINET RECOMMENDATION THAT THE BILLS BE RETURNED TO PARLIAMENT FOR REVISION BEFORE BECOMING LAW. REUTER POINTS OUT THE ROKG REGARDS THE BILLS AS UNCONSTITUTIONAL. IT NOTES THAT ROH SAID THE BILLS ENCROACHED UPON THE JUDICIARY'S CONSTITUTIONAL RIGHTS IN REGARD TO DETENTION AND VIOLATED THE MAIN DEMOCRATIC PRINCIPLE OF THE WILL OF THE MAJORITY.

ACCORDING TO REUTER, ROH HOPES THAT BY SENDING THE BILLS BACK TO THE ASSEMBLY, THE RULING AND OPPOSITION PARTIES CAN COME UP WITH A COMPROMISE. IT QUOTES A PRESIDENTIAL

SPOKESMAN AS STATING: "PRESIDENT ROH APPROVED THE CABINET'S RECOMMENDATIONS TO VETO THE BILLS AND SIGNED A DOCUMENT ASKING PARLIAMENT TO REVIEW THE BILLS."

7. JAPAN

-- REUTER (TOKYO) REPORTS JAPAN SAID ON THURSDAY IT WAS VERY UNHAPPY WITH A REVISED TRADE REFORM BILL PASSED BY THE US HOUSE OF REPRESENTATIVES AND CALLED ON THE REAGAN ADMINISTRATION TO ENSURE IT NEVER BECOMES LAW. IT QUOTES FOREIGN MINISTER UNO AS SAYING IN A STATEMENT: "I HOPE THAT THE REAGAN ADMINISTRATION WILL DECISIVELY FIGHT AGAINST PROTECTIONISM AND PREVENT THE ENACTMENT OF THE BILL."

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REUTER ADDS THAT MITI, WHICH ALSO EXPRESSED STRONG DISSATISFACTION WITH THE SWEEPING MEASURES, SAID IN A STATEMENT: "THE MINISTRY REGRETS THAT THE TRADE BILL WAS APPROVED WITHOUT REVISIONS IN THE PROBLEMATIC CLAUSE. ALTHOUGH THE AMENDED BILL IS BETTER THAN THE ORIGINAL, IT STILL CONTAINS SUCH MEASURES AS THE STEPPING-UP OF TRADE LAW 301 PROVISIONS AND SANCTIONS AGAINST FOREIGN COMPANIES INVOLVING VIOLATION OF COCOM RULES."

REUTER NOTES THAT JOICHI AOI, "TOSHIBA CORP" PRESIDENT, SAID IN A STATEMENT THAT HE REGRETTEED THAT A CLAUSE IN THE BILL WHICH WOULD RETALIATE AGAINST HIS COMPANY WAS PASSED WITHOUT AMENDMENT. AOI SAID IT WAS UNFAIR, REUTER NOTES, FOR THE US TO TAKE RETALIATORY ACTION AGAINST A COMPANY IN A FOREIGN COUNTRY FOR BREAKING COCOM RULES.

-- THE WASHINGTON POST SAYS THAT JAPAN, WITH 157 OF THE 500 LARGEST FOREIGN COMPANIES, LAST YEAR EXPANDED ITS DOMINANCE OF THE INDUSTRIAL WORLD OUTSIDE THE US BY ADDING 5 MORE COMPANIES TO FORTUNE MAGAZINE'S INTERNATIONAL 500 LIST.

-- THE JOURNAL OF COMMERCE (TOKYO) SAYS THAT JAPAN AND THE US HAVE REACHED A BROAD AGREEMENT FOR THE LIBERALIZATION OF JAPANESE IMPORTS OF 12 FARM PRODUCTS, GOJ SOURCES SAID WEDNESDAY. IT ADDS THEY ALSO HAVE AGREED TO LIBERALIZE SOME MILK PRODUCTS AND CUT TARIFFS ON THEM AS COMPENSATION, PENDING THE LIBERALIZATION OF EVAPORATED MILK AND CREAM.

-- REUTER (JOURNAL OF COMMERCE TOKYO) REPORTS, ACCORDING TO TOKYO ECONOMISTS, JAPAN'S POSITION ON THE DOLLAR IS LOOKING INCREASINGLY LIKE AN ATTEMPT TO HELP VICE
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PRESIDENT BUSH WIN THE WHITE HOUSE. IT QUOTES BILL

STERLING OF "MERRILL LYNCH, JAPAN" AS STATING: "MANY JAPANESE FEEL THE DEMOCRATS ARE MORE THREATENING AS FAR AS PROTECTIONISM IS CONCERNED."

REUTER ALSO QUOTES KEIKICHI HONDA, CHIEF ECONOMIST AT THE BANK OF TOKYO, AS SAYING: "JAPANESE DON'T KNOW WHAT TO EXPECT FROM A DEMOCRATIC US PRESIDENT. THEY FEAR A DEMOCRAT SPELLS PROTECTIONIST TRADE POLICIES WHICH WOULD BE AIMED AT JAPAN...THIS IS A POLITICAL MARKET. THE DOLLAR SHOULD LOOK STRONG TO ORDINARY AMERICAN VOTERS."

REUTER REPORTS THAT THE BANK OF JAPAN HAS STOOD IDLE IN RECENT WEEKS WHILE MOST OTHER CENTRAL BANKS, INCLUDING THE FEDERAL RESERVE, REPEATEDLY INTERVENED TO STEM THE DOLLAR'S RISE.

8. JAPAN/CHINA

-- JOURNAL OF COMMERCE (TOKYO) REPORTS THAT JAPAN'S TRADE WITH CHINA WILL PROBABLY GO INTO DEFICIT THIS YEAR AFTER 5 YEARS OF SURPLUSES, A MITI OFFICIAL SAID ON WEDNESDAY.

9. CHINA

-- REUTER'S O'NEILL (BEIJING) REPORTS CHINA ORDERED AIRLINE OFFICES ON THURSDAY TO GIVE TICKETS TO FOREIGNERS AND OVERSEAS CHINESE FIRST AS PAPERS REPORTED CHAOS IN THE TOURIST INDUSTRY WITH THOUSANDS OF STRANDED TRAVELERS. HE NOTES THAT "PEOPLE'S DAILY" PRINTED THE ORDER FROM THE STATE COUNCIL. HE ADDS THE ORDER ALSO STATED THAT FROM 7/20 AIR FARES FOR ALL GRADES OF PASSENGERS ON CHINA'S 56 MOST POPULAR ROUTES WOULD BE THE SAME. PREVIOUSLY, HE NOTES, FOREIGNERS HAD BEEN PAYING 2 TIMES THE PRICE CHINESE PAID.

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-- WALL STREET JOURNAL'S IGNATIUS (KETOU VILLAGE, CHINA) REPORTS CHINA'S BIRTHRATE IS RISING AGAIN DESPITE A POLICY OF 1-CHILD FAMILIES. OFFICIALS, HE ADDS, FEARING A SETBACK TO THE MODERNIZATION DRIVE, ARE ADOPTING HARSHER PENALTIES FOR COUPLES WHO DISOBEY THE REGULATIONS. HE REPORTS THAT DRACONIAN MEASURES, INCLUDING "VOLUNTARY" MASS STERILIZATIONS, HAS LED THOUSANDS OF PEASANTS TO MURDER THEIR NEW-BORN GIRLS. HE SAYS THAT CHINA'S ECONOMIC POLICIES ARE PARTLY TO BLAME. THEY HAVE INCREASED THE INCOMES OF THE RURAL POPULATION AND THUS ENABLE PEASANTS TO PAY FINES AND PRODUCE CHILDREN.

IGNATIUS QUOTES THAT "GUANGMING DAILY" AS WARNING:

"CHINA'S POPULATION CONTROL IS ALMOST OUT OF CONTROL AGAIN." IN 1963, HE NOTES A PEAK OF 30 MILLION BABIES WERE BORN. TODAY, HE POINTS OUT, THOSE BABIES ARE HAVING CHILDREN THEMSELVES, CONTRIBUTING TO THE NEW SURGE. HE REPORTS THE CURRENT CYCLE ISN'T EXPECTED TO PEAK UNTIL 1995, AND SOME INTERNATIONAL DEMOGRAPHERS WARN CHINA MAY SEE SIMILAR BOOMS EVERY 20 YEARS OR SO.

-- DALLAS MORNING NEWS (JOURNAL OF COMMERCE BEIJING) SAYS THE "OPEN DOOR" IS THE SYMBOL OF CHINA'S FAR-REACHING DRIVE TO MODERNIZE THE ECONOMY WITH NON-COMMUNIST REFORMS AS INCENTIVES, MARKET COMPETITION AND BORROWING THE CAPITALISTS' KNOW-HOW. BY ALL ACCOUNTS, IT SAYS, THE REFORMS HAVE PEPPED UP CHINA'S ECONOMY, AND THE COUNTRY'S LIVING STANDARDS HAVE IMPROVED. HE QUOTES LIU SENG KUN, VICE CHAIRMAN OF THE STANDING COMMITTEE OF THE TIANJIN PEOPLE'S CONGRESS AS SAYING: "THE ECONOMY HAS IMPROVED A

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GREAT DEAL, BUT WE STILL HAVE A LOT TO LEARN ABOUT HOW WE SHOULD CARRY OUT THE REFORM."

-- REUTER (BEIJING) SAYS THAT AN AMERICAN LAWYER WHO WAS ACCUSED BY CHINA OF SPYING IN 1986 HAS BEEN TOLD HE WAS FREE TO RETURN AFTER THE INTERCESSION OF ATTORNEY GENERAL EDWIN MEESE IN 1987, DIPLOMATS SAID ON THURSDAY. EDWARD MCNALLY, WHO TAUGHT LAW AT BEIJING UNIVERSITY, CAN RETURN TO CHINA WITHOUT FEAR OF PROSECUTION, IT REPORTS. IT QUOTES MCNALLY AS SAYING: "OBVIOUSLY I'M THRILLED TO LEARN THAT MY GOOD STANDING AS A FRIEND OF THE CHINESE

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PEOPLE HAS BEEN RESTORED." IT ADDS THAT HE PLANS TO VISIT CHINA LATER THIS YEAR.

10. TAIWAN

-- REUTER'S CHEN (TAIPEI) REPORTS TAIWAN HAS TEMPORARILY SUSPENDED BUYING US PRECIOUS METALS AFTER WASHINGTON DESCRIBED THE PURCHASES AS A STRATEGY TO REDUCE ARTIFICIALLY TAIPEI'S HUGE TRADE SURPLUS WITH THE US. ACCORDING TO CENTRAL BANK GOVERNOR CHANG CHI CHENG, IT NOTES, TAIWAN HAS STOPPED THE PURCHASES, BUT US CRITICISM IS UNFAIR BECAUSE TAIWAN HAD REMOVED GOLD AND SILVER FROM FOREIGN EXCHANGE CONTROLS IN 1987 AND NOW REGARDS THE PRECIOUS METALS AS COMMODITIES INSTEAD OF RESERVES.

COMMENT AND ANALYSIS

11. TAIWAN

-- CHRISTIAN SCIENCE MONITOR'S TYSON (TAIPEI) SUGGESTS TAIWAN'S OPPOSITION NEEDS A NEW RALLYING CRY, SINCE

RECENT REFORMS BY THE KUOMINTANG (KMT) HAVE OVERTAKEN THE CALL FOR BASIC RIGHTS. HE NOTES THAT THE OPPOSITION IN TAIWAN, AFTER DECADES OF SUPPRESSION, HAS MADE THE KMT UNCLASSIFIED

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PARTIALLY FREE THE PRESS, RELEASE HUNDREDS OF POLITICAL PRISONERS, DROP A BAN ON RIVAL PARTIES, CONDONE TRAVEL TO THE MAINLAND AND END MARTIAL LAW.

TYSON SAYS THAT ITS GROWING PAINS REFLECT THE EVOLUTION OF CHINESE POLITICAL CULTURE ON TAIWAN. HE QUOTES ANTONIO CHIANG, A LEADING TAIWAN POLITICAL PUNDIT, AS SAYING A POLITICAL "OPPOSITION IS A VERY NEW CONCEPT IN CHINESE POLITICAL TRADITION. IT USUALLY CONNOTES REVOLUTION, OR BETRAYAL, OR TREASON -- IT HAS NOTHING TO DO WITH A LOYAL OPPOSITION AS IN WESTERN COUNTRIES"; THEREFORE, "THE OPPOSITION MOVEMENT IN TAIWAN IS A MIXTURE OF THE WESTERN LOYAL OPPOSITION AND THE TRADITIONAL CHINESE CONCEPT OF THE REVOLUTIONARY PARTY," HE SAID.

TYSO

N POINTS OUT THAT, ALONG WITH OBSTACLES FUSED BY CULTURE AND PERSONALITY, THE OPPOSITION CONFRONTS 2 LONGSTANDING FRUSTRATIONS: THE POLITICAL TIMIDITY OF TAIWAN'S MIDDLE CLASS AND THE RULING PARTY'S POLITICAL JUGGERNAUT. HE QUOTES DPP SPOKESMAN LU HSIU YI AS SAYING: "MANY PEOPLE IN THE MIDDLE CLASS SUPPORT US, THEY GIVE US MONEY AND COME TO OUR RALLIES, BUT THEY'RE

UNWILLING TO JOIN OUR MEMBERSHIP BECAUSE THE MANY YEARS
OF POLITICAL REPRESSION HAVE LEFT THEM SCARED.

ACCORDING TO TYSON, DPP AND LABOR PARTY SPOKESMEN SAY
THEY WILL RALLY ISLANDERS TO BUILD A WELFARE SYSTEM,
RELAX CONTROLS ON VISITS TO THE MAINLAND, RESTRAIN
HEAVY-HANDED SURVEILLANCE OF POLITICAL DISSIDENTS BY THE
TAIWAN SECURITY POLICE, AND OUTLAW INTIMIDATION OF LABOR
UNIONS. HE COMMENTS THAT THE CAUSES THAT DRIVE THE
OPPOSITION ALSO THREATEN TO TEAR IT APART. LABOR PARTY
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FOUNDERS SPLIT LAST YEAR FROM THE DPP, DENYING THE LARGER
DISSIDENT PARTY AN EXCLUSIVE CLAIM AS DEFENDER OF
WORKERS. THE BREAK-AWAY, ACCORDING TO TYSON, IS ONE SIGN
OF THE RISKS FACING THE DPP AS IT LURES A SPECTRUM OF
INTEREST GROUPS WHILE TRYING NOT TO COMPROMISE ITS
IDENTITY. WHITEHEAD

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DOC_NUMBER: 88TELAV08709

CHANNEL: n/a

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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 8581
AMCONSUL JERUSALEM

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E.O. 12356: DECL: OADR
TAGS: OREP (BERMAN, HOWARD) (COELHO, TONY) (MORELLA,
CONSTANCE) PREL, PGOV, KPAL, IS
SUBJECT: CODEL MEETS WITH DEFENSE MINISTER RABIN

REF: TEL AVIV 8094

1. CONFIDENTIAL, ENTIRE TEXT.

2. SUMMARY

REPRESENTATIVES HOWARD BERMAN, TONY COELHO AND
CONSTANCE MORELLA VISITED ISRAEL MAY 27/29 TO JUNE
1/2 TO PARTICIPATE IN A HEBREW UNIVERSITY SYMPOSIUM
WITH WALLENBERG SCHOLARS. THEY WERE ACCOMPANIED BY
MR. AND MRS. FRED SCHWARTZ, WHO SPONSORED THE VISIT
AND SYMPOSIUM, MR. MORELLA AND COELHO'S ASSISTANT TOM
NIDES. THE FOREIGN MINISTRY ARRANGED A NUMBER OF
APPOINTMENTS FOR THEM, INCLUDING MEETINGS WITH PRIME
MINISTER YITZHAK SHAMIR, FOREIGN MINISTER SHIMON
PERES AND DEFENSE MINISTER YITZHAK RABIN. OUR
JERUSALEM CONSUL GENERAL ARRANGED MEETINGS WITH
PALESTINIANS. THIS CABLE REPORTS THE CODEL'S
CONVERSATION WITH RABIN ON THE UNREST IN THE
TERRITORIES, MIDDLE EAST PEACE PROCESS, THE USSR,
ETC. REFTEL REPORTED THEIR CONVERSATIONS ON MUBARAK

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AWAD WITH SHAMIR AND RABIN. SEPTELS REPORTED THEIR
CONVERSATIONS WITH SHAMIR AND PERES.

ACTION REQUESTED

DEPARTMENT PLEASE PASS TO CODEL. REPRESENTATIVES
BERMAN AND MORELLA SPECIFICALLY ASKED FOR OUR
WRITE-UP OF THEIR CONVERSATIONS. CODEL DID NOT SEE
CABLE BEFORE DEPARTURE. END SUMMARY.

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3. RABIN WILL VISIT U.S. END OF JUNE

BERMAN SAID GENERAL MITZNA BROUGHT THEM UP TO DATE ON THE SITUATION IN THE TERRITORIES, AND RECOMMENDED RABIN SHOULD VISIT THE U.S. RABIN SAID HE WOULD AT THE END OF THE MONTH TO SEE DEFENSE SECRETARY CARLUCCI AND WOULD TRY TO MEET WITH THE FOREIGN AFFAIRS AND ARMED SERVICES COMMITTEES.

4. LABOR PARTY AND ISRAELI POLITICS

MORELLA ASKED ABOUT THE LABOR PARTY CENTRAL COMMITTEE MEETING WHICH HAD JUST CHOSEN BUT NOT RANK ORDERED THE LABOR PARTY'S ELECTION LIST FOR THE KNESSET. RABIN SAID THE LABOR PARTY'S 1200-MEMBER CENTRAL COMMITTEE SELECTED MANY MORE CANDIDATES THAN WOULD BE ELECTED. IN MID-JUNE, THE COMMITTEE WOULD RANK ORDER THE LIST, DETERMINING WHO WOULD ACTUALLY BE ELECTED. RABIN EXPLAINED THAT ISRAEL'S PARLIAMENTARY SYSTEM RESEMBLES THE EUROPEAN. ALL ISRAELI GOVERNMENTS HAVE BEEN COALITIONS, RABIN SAID. THE CABINET NEEDS A KNESSET MAJORITY. CABINET DECISIONS ARE BY MAJORITY

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VOTE. THE PRIME MINISTER HAS ONLY 1 VOTE. FOR EXAMPLE, CANCELLATION OF THE LAVI FIGHTER PLANE PROJECT WAS CARRIED WITH THE PRIME MINISTER IN THE MINORITY OPPOSED.

5. PROGRESS TOWARD MIDDLE EAST PEACE

MORELLA ASKED IF THERE WERE ANY PROGRESS TOWARD PEACE IN THE MIDDLE EAST. IN A HISTORICAL PERSPECTIVE, YES, RABIN REPLIED, BUT NOT ON AN AMERICAN TIMETABLE. PEACE WITH EGYPT IS NOT COMPLETE, BUT A TREMENDOUS CONTRAST WITH THE PREVIOUS STRATEGIC AND POLITICAL SITUATION. ISRAEL DOES NOT EXPECT PEACE WITH SYRIA IN THE FORESEEABLE FUTURE. LEBANON HAS NO REAL GOVERNMENT. JORDAN IS THE ONLY POSSIBILITY.

6. RABIN SAYS SHULTZ INITIATIVE FAILING

RABIN WAS AFRAID THE SHULTZ INITIATIVE WAS COLLAPSING (DIVING WAS THE WORD HE USED). THE SECRETARY IS ALWAYS WELCOME, BUT BEARING IN MIND THE ELECTION TIMETABLE AND BACKSLIDING IN THE ATTITUDES OF THE AREA'S PEOPLES AND LEADERS, RABIN SAW LITTLE CHANCE OF SUCCESS. ARAFAT, RABIN NOTED, CLAIMED THE UPRISING HAD UNDERMINED THE SHULTZ INITIATIVE, AND

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Date Printed: 11/22/1996

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CHANNEL: n/a

THAT THIS WAS ITS MAIN PURPOSE. OF COURSE THE SECRETARY'S INITIATIVE CAME AFTER THE UPRISING WAS UNDERWAY, SO WHAT ARAFAT SAID WAS NONSENSE. SCHWARTZ ASKED IF THE SHULTZ INITIATIVE EXACERBATED THE PROBLEM. RABIN DID NOT BELIEVE SO. THE SHULTZ INITIATIVE, MORE THAN 2 MONTHS AFTER THE UPRISING BEGAN, HAD NO MAJOR INFLUENCE IN INCREASING OR

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ACTION H-03

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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 8582
AMCONSUL JERUSALEM

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E.O. 12356: DECL: OADR
TAGS: OREP (BERMAN, HOWARD) (COELHO, TONY) (MORELLA,
CONSTANCE) PREL, PGOV, KPAL, IS
SUBJECT: CODEL MEETS WITH DEFENSE MINISTER RABIN

DECREASING PROBLEMS IN THE TERRITORIES. HOWEVER,
RABIN DOUBTED MUCH COULD BE DONE POLITICALLY (TOWARD
PEACE) BEFORE THE U.S. AND ISRAELI ELECTIONS.

7. RABIN ON THE PLO

BERMAN WANTED TO CLARIFY RABIN'S POSITION ON THE
PLO. IN THE 3 YEARS BEFORE HE BECAME DEFENSE
MINISTER, RABIN REPLIED, HE MET 20 OR MORE TIMES WITH
PRO- AND ANTI-PLO PALESTINIANS. HE TOLD THEM THEY
MUST DEVELOP LEADERS IN THE TERRITORIES TO SPEAK FOR

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THEM. THEY TOLD HIM THE PLO WOULD KILL ANY SUCH LEADER. RABIN SAID HE IS READY TO NEGOTIATE WITH ANY PALESTINIANS WHO ACCEPT 242 AS THE SOLE BASIS FOR NEGOTIATIONS AND RENOUNCE TERROR, VIOLENCE AND THE PALESTINIAN COVENANT. BERMAN ASKED WHAT IF THE PLO DID SO. RABIN DISTINGUISHED BETWEEN PALESTINIANS AND THE PLO. IF THE PLO ACCEPTED THOSE CONDITIONS, IT WOULD NOT BE THE PLO. THE QUESTION WAS A NONSEQUITUR. THE PLO WILL NEVER ACCEPT THOSE CONDITIONS. MORELLA BEGAN TO ASK A FURTHER QUESTION,

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BUT RABIN INTERRUPTED TO INSIST THAT THE PLO MEANS THE COVENANT AND VIOLENCE, AND TO REITERATE HIS REFUSAL TO NEGOTIATE WITH THE PLO.

8. HUMAN RIGHTS AND THE UPRISING IN THE TERRITORIES

AFTER BERMAN RAISED MUBARAK AWAD (REF C), MORELLA OBSERVED THAT ARTICLES ABOUT HUMAN RIGHTS VIOLATIONS AFFECTING CHILDREN WHO THREW STONES ARE NOT THE BEST PUBLICITY FOR ISRAEL. RABIN BELIEVED THAT ALL ORDERS AND INSTRUCTIONS WERE WITHIN THE LAW, BUT ASKED RHETORICALLY WHAT IS THE INTERPRETATION OF HUMAN RIGHTS. THERE IS NO PROBLEM OF EXPRESSING INDIVIDUAL VIEWS IN THE TERRITORIES, RABIN ASSERTED. 21 YEARS AGO, TO SIGNAL THAT THE TERRITORIES WERE NEGOTIABLE, ISRAEL'S GOVERNMENT DECIDED NOT TO DECIDE UNILATERALLY ABOUT THEM. AS ISRAEL DID NOT ANNEX THEM, INTERNATIONAL LAW REQUIRED THAT THEY BE UNDER MILITARY GOVERNMENT.

9. IMPRISONING CHILDREN

DOES THAT MEAN A 14-YEAR OLD IS TREATED AS AN ADULT, MORELLA ASKED. NOT EXACTLY, SAID RABIN; THERE ARE CERTAIN LAWS IN ISRAEL AND THE TERRITORIES. NO ONE UNDER 16 IS KEPT IN JAIL. WHENEVER CHILDREN ARE CAUGHT THROWING STONES OR OTHERWISE VIOLATING PUBLIC ORDER, THEIR PARENTS ARE BROUGHT IN TO SIGN GUARANTEES ACKNOWLEDGING THAT IF THE CHILD IS CAUGHT AGAIN IN SUCH ACTS THEY WILL BE FINED. MORELLA NOTED THAT THE ARTICLE SAID ONE HAD TO PAY A FINE TO BE RELEASED, BUT THAT IN THIS CASE THEY COULDN'T, SO THE CHILDREN WERE KEPT IN DETENTION. RABIN DISMISSED

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DOC_NUMBER: 88TELAV08709

CHANNEL: n/a

THAT POSSIBILITY, SAYING THE AUTHORITIES CAN ALWAYS FIND PROPERTY TO CONFISCATE

10. NEGOTIATE RETURN OF LAND; DON'T YIELD TO FORCE

RABIN SAID THE PURPOSE OF THE VIOLENT UPRISING IN THE TERRITORIES IS THE SAME AS TERROR OR INVASION. ISRAEL MUST MEET VIOLENCE WITH FORCE. HE BELONGED TO THE PART OF THE ISRAELI GOVERNMENT READY TO TRADE TERRITORY FOR PEACE IN A NEGOTIATED SETTLEMENT. AT THE SAME TIME, HE OPPOSED GIVING IN TO VIOLENCE. HE HAD ORDERED THE MILITARY FORCES TO RESTORE GENERAL TRANQUILITY AND ASSURE THAT MUNICIPAL GOVERNMENTS WORK FOR THE BENEFIT OF THE POPULATION.

11. UPRISING TEMPORARY, NOT A SOLUTION

THE UPRISING, RABIN ASSERTED, IS NOT THE WAY TO A SOLUTION. THE PURPOSE OF THOSE PROMOTING VIOLENCE IN THE TERRITORIES IS TO DESTROY GOVERNMENT STRUCTURE THERE ON THE THEORY THAT WORST IS BEST, THAT ANARCHY WILL ADVANCE ACHIEVEMENT OF THEIR GOALS. THE UNREST IN THE TERRITORIES IS TEMPORARY IN NATURE. AS AN EXAMPLE OF WHY, HE NOTED THAT WORK IN ISRAEL EARNS USD 5-700 MILLION PER YEAR FOR THE RESIDENTS OF THE TERRITORIES.

12. IT WAS SPONTANEOUS

THE AMMAN AND WASHINGTON SUMMITS PAID NO ATTENTION TO THE PALESTINIAN PROBLEM, BUT THAT DOES NOT EXPLAIN THE UPRISING, SAID RABIN. IT WAS SPONTANEOUS, NOT PLANNED. THERE ARE MANY VIEWS IN ISRAEL, BUT THERE

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Date Printed: 11/22/1996

DOC_NUMBER: 88TELAV08709

CHANNEL: n/a

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INFO LOG-00 ADS-00 SS-00 NEA-06 DS-01 DSE-00 /010 W

-----151451Z/43

P 151416Z JUN 88
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 8583
AMCONSUL JERUSALEM

~~CONFIDENTIAL~~ SECTION 03 OF 05 TEL AVIV 08709

E.O. 12356: DECL: OADR
TAGS: OREP (BERMAN, HOWARD) (COELHO, TONY) (MORELLA,
CONSTANCE)
PREL, PGOV, KPAL, IS
SUBJECT: CODEL MEETS WITH DEFENSE MINISTER RABIN

ARE NO LOVERS OF ZION AMONG PALESTINIANS, SO THERE
SHOULD BE A POLITICAL, NEGOTIATED SOLUTION (TO REMOVE
PALESTINIANS FROM ISRAELI RULE). HOWEVER, RABIN
OPPOSED GIVING IN TO VIOLENCE.

13. RELUCTANTLY ACCEPTS INTERNATIONAL CONFERENCE

MORELLA ASKED RABIN'S VIEWS ON AN INTERNATIONAL
CONFERENCE. RABIN REITERATED THAT THE SHULTZ
INITIATIVE IS SINKING FAST (AGAIN, DIVING WAS THE
WORD HE USED). ALL ISRAELIS BELIEVE NEGOTIATIONS
SHOULD BE BILATERAL, BUT HE FELT THEY MUST BE WITH A
JOINT PALESTINIAN-JORDANIAN DELEGATION, AT LEAST
INCLUDING THOSE WHO LIVE IN THE TERRITORIES. IF
JORDAN SAYS IT MUST HAVE AN INTERNATIONAL CONFERENCE
WHICH CANNOT IMPOSE A SOLUTION OR INTERVENE, RABIN
WILL NOT BE TOO HAPPY ABOUT IT BUT WILL GO ALONG.

14. RUSSIAN INFLUENCE ON SYRIA NO OBSTACLE

SCHWARTZ ASKED ABOUT SOVIET INFLUENCE ON SYRIA.

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RABIN SAW THIS AS NO OBSTACLE. IF SYRIA WANTED TO
NEGOTIATE WITH ISRAEL, ISRAEL COULD NOT OBJECT TO
SYRIA CONSULTING OR BEING INFLUENCED BY WHOMEVER IT
WANTED.

15. NO PALESTINIAN STATE; LINK IT TO JORDAN

BERMAN RECALLED A VISIT TO CONGRESS BY PRAGMATIC
PALESTINIANS WHO PROPOSE A 2-STATE SOLUTION. RABIN
SAID HE OPPOSES A THIRD STATE BETWEEN JORDAN AND
ISRAEL. THE TERRITORIES RETURNED MUST BE LINKED TO
JORDAN. OTHERWISE IT WILL BE UNSTABLE, A TIME BOMB
FOR WAR. THERE IS A PALESTINIAN PROBLEM BUT THIS IS

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Date Printed: 11/22/1996

DOC NUMBER: 88TELAV08709

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NOT THE CRUX OF THE SITUATION... THE CRUX IS RECONCILIATION OF THE ARAB STATES LEADERS WITH ISRAEL AS A JEWISH STATE. EGYPT PROVED THAT THIS CAN HAPPEN.

16. LEBANON, SYRIA, ISRAEL AND IRAN

SHWARTZ ASKED IF THE SYRIAN OCCUPATION OF PART OF BEIRUT WERE NEGATIVE OR POSITIVE. RABIN SAID ALL ROUPS IN LEBANON FIGHT EACH OTHER, BUT THE STRUGGLE OR CONTROL IS NOW MAINLY BETWEEN SHIITES--AMAL AND IZBALLAH, IN EFFECT BETWEEN SYRIA AND IRAN. OWEVER, THE MORE THAN 1,000 IRANIAN REVOLUTIONARY GUARDS IN LEBANON AND HIZBALLAH'S ARMS FROM IRAN CAME THROUGH DAMASCUS, SO THERE IS SOME COEXISTANCE.

17. AMAL WON IN SOUTH LEBANON; SECURITY ZONE HELPFUL

IN THE PAST 2 WEEKS, RABIN CONTINUED, AMAL BEAT HIZBALLAH IN THE SOUTH. AMAL GAINED SUPPORT BY

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SAYING HIZBALLAH WAS TOO AGGRESSIVE AGAINST ISRAEL, PROVOKING ISRAELI RETALIATION AGAINST SOUTH LEBANON SHIITES. CONTRARY TO U.S. POLICY THAT THE SECURITY ZONE ENDANGERS SECURITY, RABIN ARGUED, ISRAEL'S PRESENCE ENCOURAGES SUPPORT FOR AMAL AND LESSENS VIOLENCE.

18. SYRIA MOVED CAUTIOUSLY IN BEIRUT

IN BEIRUT, THE ONLY PLACE IRAN SUCCESSFULLY EXPORTS ITS REVOLUTION, THE OPPOSITE HAPPENED, RABIN CONTINUED. HIZBALLAH ALMOST TOTALLY DEFEATED AMAL IN WEST BEIRUT. SYRIA COULD NOT SEE ITS ALLY CRUSHED, BUT INTERVENED ONLY WITH HIZBALLAH'S AGREEMENT, AFTER HESITATING 2 WEEKS. LIKE ISRAEL, SYRIA KNOWS THE MORE IT GETS INVOLVED, THE DEEPER IT WILL BE IN THE LEBANESE MUD.

19. WHY SYRIA DOES NOT CUT HIZBALLAH OFF FROM IRAN

SHWARTZ ASKED WHY SYRIA DOES NOT CUT OFF HIZBALLAH'S IRANIAN SUPPORT. SYRIA DOES NOT DARE, RABIN REPLIED. IRAN WOULD CUT OFF OIL AND SUPPLIES SYRIA NEEDS.

20. ISRAEL AND AMAL HELP EACH OTHER IN THE SOUTH

BERMAN TURNED THE CONVERSATION BACK TO AMAL'S VICTORY IN THE SOUTH. RABIN SAID AMAL BLOCKED ROADS TO

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PREVENT HIZBALLAH REINFORCEMENTS WHEN ISRAEL ATTACKED

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-----375751 151451Z /43

P 151416Z JUN 88
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 8584
AMCONSUL JERUSALEM

~~CONFIDENTIAL~~ SECTION 04 OF 05 TEL AVIV 08709

E.O. 12356: DECL: OADR
TAGS: OREP (BERMAN, HOWARD) (COELHO, TONY) (MORELLA,
CONSTANCE) PREL, PGOV, KPAL, IS
SUBJECT: CODEL MEETS WITH DEFENSE MINISTER RABIN

HIZBALLAH, HELPING THE IDF, BUT ALLEGING IT WAS ONLY
TO PROTECT THE POPULATION FROM ISRAELI REPRISALS.
THE PLO COOPERATES WITH HIZBALLAH AGAINST AMAL.
EVERYONE KNOWS THE RULES OF THE GAME. AMAL DOES NOT
ATTACK ISRAEL, ONLY THE IDF IN THE SECURITY ZONE,
WHICH IS ALL RIGHT WITH ISRAEL. AMAL DOES NOT LET
HE PLO GET NEAR ENOUGH TO ATTACK ISRAEL, EVEN WITH
ROCKETS.

21. MISSILES IN THE MIDDLE EAST: SYRIA AND IRAQ

BERMAN ASKED ABOUT MISSILES IN THE MIDDLE EAST.
RABIN SAID GROUND-TO-GROUND MISSILES WERE INTRODUCED
GRADUALLY AFTER THE YOM KIPPUR WAR, AND THAT SYRIA IS
THE MAIN THREAT, WITH SCUD, SS-21 AND FROG SOVIET

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22. SAUDI ARABIA, LIBYA

23. CHEMICAL WARFARE

ANOTHER PROBLEM, RABIN ADDED, IS THAT SYRIA AND IRAQ HAVE DEVELOPED CHEMICAL WARFARE. THE INTERNATIONAL COMMUNITY HAS VIRTUALLY LEGITIMIZED CW, RABIN COMPLAINED. THE BEATING OF 2 PALESTINIANS WAS PUBLICIZED WIDELY, BUT WHEN IRAQ KILLED 5,000 KURDS WITH CW IT MADE NO NEWS. THE ARABS THUS FEEL THEIR USE OF CW IS LEGITIMIZED. ISRAEL'S GOVERNMENT KNOWS

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THE ARABS ARE WORKING ON CHEMICAL WARHEADS. THE IDF
KEEPS KITS FOR EVERY ISRAELI, WITHOUT DISTRIBUTING
THEM BEFORE THE NEED IS IMMINENT. ISRAEL MADE IT
CLEAR TO THE ARABS THAT IT WILL FEEL FREE TO

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RETALIATE BY ANY MEANS IF THEY USE CW AGAINST ISRAEL. NO DOUBT THE MISSILES AND THE LEGITIMACY IN ARAB MINDS OF USING CW MEAN NEW DANGER FOR ISRAEL, RABIN CONCLUDED.

24. ARROW, ISRAEL'S PROPOSED ATBM

RABIN NOTED THAT ISRAEL'S GOVERNMENT HAD GIVEN GENERAL ABRAHAMSON ITS PROPOSAL TO DEMONSTRATE CAPABILITIES TO INTERCEPT A 1,000-KW TACTICAL MISSILE. THE PROJECT IS CALLED ARROW. RABIN SAID SECDEF CARLUCCI AGREED TO SPLIT THE COST 80 PERCENT U.S. AND 20 PERCENT ISRAEL, BUT THERE IS NO MEMORANDUM OF UNDERSTANDING YET.

25. CONGRESS GIVES ONLY WHAT PRESIDENT ASKS, IF THAT

FOR 3 YEARS, RABIN SAID, CONGRESS PROVIDED NOTHING EYOND WHAT THE ADMINISTRATION REQUESTED, AND NOT ALL THAT. WITH 2 SMALL EXCEPTIONS, BERMAN INTERJECTED. MORELLA MENTIONED THE CHINESE MISSILE RESOLUTION, AND OBSERVED THAT THE CHEMICAL WARFARE SITUATION IS REALLY BAD.

26. POPEYE, THE STANDOFF BOMB

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ACTION H-03

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FM AMEMBASSY TEL AVIV

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Date Printed: 11/22/1996

DOC_NUMBER: 88TELAV08709

CHANNEL: n/a

TO SECSTATE WASHDC PRIORITY 8585
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E.O. 12356: DECL: OADR

TAGS: OREP (BERMAN, HOWARD) (COELHO, TONY) (MORELLA,
CONSTANCE) PREL, PGOV, KPAL, IS

SUBJECT: CODEL MEETS WITH DEFENSE MINISTER RABIN

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ARAB MINDS OF USING CW MEAN NEW DANGER FOR ISRAEL,
RABIN CONCLUDED.

2

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PAGE 02 TEL AV 08709 05 OF 05 151433Z

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MORELLA MENTIONED THE CHINESE MISSILE RESOLUTION, AND
OBSERVED THAT THE CHEMICAL WARFARE SITUATION IS
REALLY BAD.

26. POPEYE, THE STANDOFF BOMB

BERMAN ASKED WHAT THE
ADMINISTRATION ASKED THAT
CONGRESS WAS WILLING TO APPROVE. RABIN SAID ISRAEL
IS AHEAD OF THE U.S. IN CERTAIN ARMS, INCLUDING A
STANDOFF BOMB THE U.S. AIR FORCE COMMANDER WANTED
BADLY, NAMED POPEYE. MARTIN MARIETTA AND ISRAEL'S
GOVERNMENT FOUGHT FOR A YEAR IN CONGRESS TO GET WHAT
THE PENTAGON PROPOSED. THE ORIGINAL PROPOSAL COSTS

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DOC_NUMBER: 88TELAV08709

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USD 8 MILLION, BUT IT LEADS TO MUCH GREATER
EXPENDITURES LATER.

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27. NIGHT VISION FOR HELICOPTERS; RPVS

RABIN BROUGHT UP ANOTHER PROJECT INVOLVING ISRAEL'S
GOVERNMENT AND THE U.S. MARINES. ISRAEL, HE
ASSERTED, IS AHEAD IN NIGHT VISION FOR HELICOPTERS.
THE MARINES WANTED LASER ALSO. 2 MONTHS AGO, ISRAEL
RECEIVED THE FIRST 2 PROTOTYPES, WITH NIGHT VISION
ONLY, AND GAVE THEM TO THE MARINES, WHO NEEDED THEM
URGENTLY. ISRAEL WAS ALSO FIRST WITH REMOTELY
PILOTED VEHICLES, WHICH THE NAVY BOUGHT. ISRAEL'S
PROJECTS MUST BE COPRODUCED WITH U.S. COMPANIES,
RABIN OBSERVED.

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28. BUYING F-16'S

RABIN NOTED THAT ISRAEL HAD CONCLUDED AN LOA FOR 60
F-16S WITH ELECTRONIC MODIFICATIONS AT USD 400,00
PER PLANE. ISRAEL WILL TAKE DELIVERY OF THE PLANES 2
YEARS EARLIER THAN THE BEST ESTIMATE FOR THE
CANCELLED ISRAELI FIGHTER PLANE LAVI. PICKERING

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Date Printed: 11/22/1996

DOC NUMBER: 88STATE191889

CHANNEL: n/a

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ORIGIN NEA-04

INFO LOG-00 ADS-00 INR-10 EUR-00 CIAE-00 DODE-00 H-02
MMO-01 NSAE-00 PA-02 INRE-00 ACDA-12 USIE-00 SP-02
SR-06 FAIM-01 PRS-01 OIG-04 P-02 /047 R

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TO ALL NEAR EASTERN AND SOUTH ASIAN DIPLOMATIC POSTS IMMEDIATE

AMCONSUL ALEXANDRIA

AMEMBASSY BEIRUT

AMEMBASSY KABUL

AMCONSUL KARACHI

AMCONSUL LAHORE

INFO ALL EUROPEAN DIPLOMATIC POSTS IMMEDIATE

UNCENTCOM MCDILL AFB FL

CINCPAC HONOLULU HI

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

UNCLAS STATE 191889

INFORM CONSUL PASS PAOS MILITARY ADDRESSEES ALSO FOR POLAD

E.O. 12356: N/A

TAGS: OPRC

SUBJECT: NEA PRESS GUIDANCE (UNUSED) JUNE 14, 1988

THE FOLLOWING GUIDANCE WAS PREPARED FOR THE DEPARTMENT
SPOKESMAN BUT NOT USED. IT IS PROVIDED FOR POSTS'
BACKGROUND INFORMATION.

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AFGHANISTAN: LACK OF U.S. INVOLVEMENT

Q.: DO YOU HAVE ANY RESPONSE TO REPORTS FROM WESTERN
DIPLOMATIC SOURCES THAT THE U.S. IS MAKING A MISTAKE BY
NOT EXERCISING MORE INFLUENCE ON THE STRUCTURE OF AFGHAN
POLITICAL DEVELOPMENTS?

A.: FROM THE BEGINNING, ALLOWING THE AFGHAN PEOPLE THEIR
RIGHT TO SELF-DETERMINATION HAS BEEN A KEY OBJECTIVE OF

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DOC_NUMBER: 88STATE191889

CHANNEL: n/a

OUR AFGHANISTAN POLICY... IN OUR VIEW... IT IS ESSENTIAL THAT DECISIONS AFFECTING AFGHANISTAN'S FUTURE BE MADE BY THE AFGHAN PEOPLE THEMSELVES WITHOUT OUTSIDE INTERFERENCE. OUR POLICY CONTINUES TO BE ONE OF SUPPORTING THE RESISTANCE ALLIANCE'S EFFORTS FOR A FREE AFGHANISTAN.

Q.: BUT DOESN'T THIS POLICY CREATE A POWER VACUUM IN

WHICH OTHERS, WHO FAVOR A FUNDAMENTALIST GOVERNMENT, WILL HAVE UNDUE INFLUENCE ON AFGHANISTAN'S FUTURE?

A.: IN THEIR EIGHT YEARS OF STRUGGLE AGAINST SOVIET OCCUPYING FORCES, THE AFGHAN PEOPLE HAVE AMPLY DEMONSTRATED THAT IMPOSITION OF A GOVERNMENT FROM OUTSIDE IS TOTALLY UNACCEPTABLE. IT SHOULD BE WIDELY RECOGNIZED BY NOW, THAT TO BE SUCCESSFUL, ANY FUTURE GOVERNMENT MUST HAVE THE BROAD SUPPORT OF THE AFGHAN PEOPLE.

PAKISTAN: BORDER CLASH WITH KABUL FORCES

Q.: CAN YOU TELL US ANYTHING ABOUT REPORTS THAT KABUL AND PAKISTANI TROOPS EXCHANGED ARTILLERY FIRE NEAR A STRATEGIC BORDER TOWN (CHAMAN, 60 MILES NW OF QUETTA
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CITY)?

A.: IF THESE REPORTS ARE ACCURATE, WE CONDEMN THIS GROSS VIOLATION OF PAKISTANI SOVEREIGNTY. WE WOULD VIEW WITH SERIOUS CONCERN ANY RESUMPTION OF ATTACKS AGAINST PAKISTANI TERRITORY ANY SOVEREIGNTY.

Q.: DO YOU SEE THIS AS PART OF THE GORBACHEV'S "RESOLUTE REATALIATORY STEPS" THAT HE THREATENED YESTERDAY?

A.: WE HAVE NO WAY OF KNOWING THAT. THE GENEVA ACCORDS PROVIDE A MECHANISM FOR DEALING WITH COMPLAINTS UNDER THE GENEVA SETTLEMENT. IT IS CERTAINLY OUR VIEW THAT THE MECHANISM SHOULD BE USED IF THERE ARE COMPLAINTS.

PAKISTAN: ZAL KHALILZAD RUMORED AS ENVOY TO RESISTANCE

Q.: DO YOU HAVE ANYTHING ON A REPORT THAT THE ADMINISTRATION IS CONSIDERING THE APPOINTMENT OF ZAL KHALILZAD AS A FULL-TIME ENVOY TO PAKISTAN TO DEAL EXCLUSIVELY WITH THE AFGHAN RESISTANCE?

A.: I DON'T HAVE ANYTHING ON THAT. BUT I DO NOTE THAT WE HAVE AN EMBASSY IN ISLAMABAD AND A CONSULATE IN PESHAWAR THROUGH WHICH WE CARRY OUT REGULAR CONTACTS WITH THE

RESISTANCE.

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MUBARAK AWAD

Q.: WILL MR. AWAD BE MEETING WITH USG OFFICIALS, THE SECRETARY?

A.: THERE ARE NO PLANS AT THIS TIME, AND NO REQUEST HAS BEEN MADE.

(IF PRESSED): OF COURSE WE WOULD SEE HIM. IT WOULD BE UNCLASSIFIED

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PREMATURE TO GET INTO WHO, OR AT WHAT LEVEL.

Q.: WILL THE U.S. CONTINUE TO RAISE THE CASE OF MR. AWAD WITH GOI OFFICIALS?

A.: I HAVE NOTHING FOR YOU.

MEETING WITH JALAL TALABANI

Q.: DID STATE DEPARTMENT OFFICIALS MEET WITH PATRIOTIC UNION OF KURDITAN LEADER JALAL TALABANI? WHAT CAN YOU TELL US ABOUT THE DISCUSSIONS?

A.: MR. TALABANI ASKED TO MEET WITH STATE DEPARTMENT OFFICIALS DURING HIS VISIT TO THE UNITED STATES. HE WAS RECEIVED ON JUNE 9 BY THE DIRECTOR OF THE OFFICE OF NORTHERN GULF AFFAIRS IN THE NEAR EAST AND SOUTH ASIA BUREAU, AS WELL AS BY OFFICIALS DEALING WITH REFUGEE AND HUMAN RIGHTS ISSUES.

MR. TALABANI GAVE HIS VIEWS OF RECENT EVENTS IN THE KURDISH AREAS OF IRAQ, INCLUDING THE FIGHTING AROUND HALABJA IN MARCH IN WHICH CHEMICAL WEAPONS WERE USED AGAINST THE CIVILIAN POPULATION.

U.S. OFFICIALS REITERATED OUR WELL-KNOWN POLICIES TOWARDS THE REGION, INCLUDING THOSE REGARDING HUMAN RIGHTS AND OUR CONDEMNATION OF ILLEGAL CHEMICAL WEAPONS USE.

REGARDING THE POSITION OF THE KURDS, U.S. POLICY IS THAT KURDS SHOULD SATISFY THEIR ASPIRATIONS PEACEFULLY WITHIN THE FRAMEWORK OF THE EXISTING STATES OF THE AREA. THE U.S. DOES NOT INTERFERE IN THE INTERNAL AFFAIRS OF THOSE UNCLASSIFIED

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COUNTRIES.

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THE U.S. BELIEVES THAT ALL THE PEOPLE OF IRAQ AND IRAN --INCLUDING THE KURDS -- WOULD BENEFIT FROM AN EARLY END TO THE IRAN-IRAQ WAR IN ACCORDANCE WITH U.N. SECURITY COUNCIL RESOLUTION 598, AND WE WILL CONTINUE TO PUSH FOR IMPLEMENTATION OF THAT RESOLUTION.

Q.: WHAT IS THE SIGNIFICANCE OF TALABANI'S APPEARANCE BEFORE THE SECRETARY'S OPEN FORUM TODAY?

A.: THE SECRETARY'S OPEN FORUM IS AN INDEPENDENT PROGRAM TO EXPOSE OFFICIALS OF U.S. FOREIGN AFFAIRS AGENCIES TO SPEAKERS WITH A WIDE VARIETY OF VIEWS, MANY OF THEM

CONTROVERSIAL. ALL THE PROCEEDINGS OF THE OPEN FORUM ARE OFF THE RECORD.

NEITHER THE SELECTION OF SPEAKERS NOR THE VIEWS THEY ESPOUSE REFLECT THE VIEWS OR POLICIES OF THE STATE DEPARTMENT, OR THE U.S. GOVERNMENT. NO U.S. GOVERNMENT SANCTION OR SUPPORT IS IMPLIED BY THE APPEARANCE OF MR. TALABANI -- OR ANY OTHER SPEAKER -- BEFORE THE OPEN FORUM. SHULTZ

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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Date Printed: 11/22/1996

DOC_NUMBER: 88STATE190386

CHANNEL: n/a

UNCLASSIFIED

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E232

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ORIGIN NEA-04

INFO LOG-00 ADS-00 INR-10 EUR-00 CIAE-00 DODE-00 H-01
 IO-19 NSAE-00 EAP-00 PA-02 INRE-00 RP-10 ACDA-12
 USIE-00 SP-02 SR-06 FAIM-01 PRS-01 OIG-04 P-02
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DRAFTED BY: NEA/P:ASBERGER:MRG

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TO ALL NEAR EASTERN AND SOUTH ASIAN DIPLOMATIC POSTS IMMEDIATE

AMEMBASSY AMMAN IMMEDIATE

ADMINSUPU BAHRAIN BA

AMEMBASSY BEIRUT IMMEDIATE

AMEMBASSY BEIJING IMMEDIATE

AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY MOSCOW IMMEDIATE

AMCONSUL ADANA PRIORITY

USMISSION GENEVA PRIORITY

AMCONSUL ISTANBUL PRIORITY

AMCONSUL IZMIR PRIORITY

AMEMBASSY KABUL PRIORITY

AMEMBASSY ALGIERS

AMEMBASSY BAGHDAD

AMEMBASSY BANGKOK

AMCONSUL DHAHRAN

AMCONSUL KARACHI

AMCONSUL LAHORE

AMEMBASSY MUSCAT

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PAGE 02 STATE 190386

AMCONSUL PESHAWAR

USMISSION USUN NEW YORK

INFO ALL EUROPEAN DIPLOMATIC POSTS IMMEDIATE

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DEPARTMENT OF STATE

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Date Printed: 11/22/1996

DOC_NUMBER: 88STATE190386

CHANNEL: n/a

E.O. 12356: N/A

TAGS: OPRC

SUBJECT: DEPARTMENT PRESS BRIEFING, JUNE 13, 1988

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FOR ADDRESSEE INFORMATION AND GUIDANCE, FOLLOWING ARE EXCERPTS FROM TODAY'S PRESS BRIEFING. SPOKESMAN WAS CHARLES REDMAN.

MR. REDMAN: LADIES AND GENTLEMEN, GOOD AFTERNOON.

AVAILABLE IN THE PRESS OFFICE ARE EMBARGOED COPIES OF THE SECRETARY'S ADDRESS THIS AFTERNOON BEFORE THE UNITED NATIONS GENERAL ASSEMBLY SPECIAL SESSION ON DISARMAMENT IN NEW YORK. THE COPIES ARE EMBARGOED UNTIL THE TIME OF DELIVERY, WHICH SHOULD BE APPROXIMATELY 4:45 P.M.

Q.: CHUCK, THE GREEKS HAVE NOW CONFESSED THAT THEY HAVE THIS MOHAMMED RASHID IN HAND, BUT THEY'RE GOING TO TRY HIM ON A PASSPORT CHARGE, FALSE PASSPORT CHARGE. DO YOU HAVE ANYTHING ON THAT?

A.: THE INFORMATION I HAVE IS THAT MR. RASHID, A PALESTINIAN TERRORIST, WAS DETAINED BY GREEK AUTHORITIES UNCLASSIFIED

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ON MAY 30. THE UNITED STATES GOVERNMENT HAS ASKED FOR HIS IMMEDIATE EXTRADITION TO THE UNITED STATES IN

CONNECTION WITH CHARGES STEMMING FROM AN EXPLOSION ON BOARD PAN AM FLIGHT 830 IN AUGUST OF 1982. ONE PASSENGER WAS KILLED IN THAT EXPLOSION, 15 OTHERS WERE WOUNDED.

THE UNITED STATES WAS HEARTENED BY THE STATEMENT OF THE GREEK GOVERNMENT ON JUNE 7 IN WHICH IT RECALLED, IN CONNECTION WITH THE RASHID CASE, ITS DEDICATION TO THE FIGHT AGAINST TERRORISM.

WE STRONGLY BELIEVE THAT THE MOST EFFECTIVE WAY TO FIGHT TERRORISM IN THIS CASE IS TO EXPEDITIOUSLY BEGIN EXTRADITION PROCEEDINGS AGAINST RASHID.

Q.: WELL, DOES THE DECISION TO PUT HIM ON TRIAL FOR LESSER CHARGES -- WHAT DOES THAT DO TO YOUR EXTRADITION REQUEST? HAVE THEY TURNED IT DOWN IN FACT?

A.: I DON'T KNOW EXACTLY HOW THOSE THINGS WORK TOGETHER. I WOULD JUST REITERATE WHAT I SAID IN CLOSING, THAT WE STRONGLY BELIEVE THE MOST EFFECTIVE WAY TO FIGHT TERRORISM IN THIS CASE IS TO EXPEDITIOUSLY BEGIN EXTRADITION PROCEEDINGS.

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Q.: SO ARE YOU GOING TO CONTINUE PRESSING THE GREEKS ON THAT?

A.: I THINK I'VE GIVEN YOU WHERE WE STAND.

Q.: CHUCK, DOES THE UNITED STATES GOVERNMENT HAVE ANY REACTION TO THE EXPULSION BY ISRAEL OF MUBARAK AWAD, A PALESTINIAN/U.S. CITIZEN?

A.: AS WE HAVE SAID BEFORE, WE STRONGLY OBJECT TO THE UNCLASSIFIED

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ISRAELI GOVERNMENT'S ACTION. WE'VE CONVEYED OUR VIEWS TO ISRAELI OFFICIALS ON MANY OCCASIONS SINCE THE TIME WHEN THE MINISTRY OF INTERIOR FIRST DECIDED TO DEPORT HIM. IN OUR VIEW, MR. AWAD SHOULD NOT HAVE BEEN DEPORTED.

Q.: WHAT IS NEXT BESIDES THIS EXPRESSING YOUR OPINION? WILL HE BE CONSIDERED LIKE MANY ISRAELIS WHO ARE DUAL CITIZENSHIP, THAT THEY HAVE TO BE ENTITLED OR COULD BE ENTITLED TO RETURN WHENEVER THEY FEEL LIKE THEY WANT TO RETURN TO ISRAEL? ABOUT THE DUAL CITIZENSHIP, WILL THE DUAL CITIZENSHIP LAW APPLY -- APPEALS TO HIM OR APPLIES TO HIM? (SIC).

A.: I JUST DON'T KNOW EXACTLY WHAT THAT QUESTION REFERS TO, SO I REALLY CAN'T HELP WITH THAT ONE. SORRY.

Q.: THE DUAL CITIZENSHIP. MANY ISRAELIS ARE ISRAELI CITIZENS AND U.S. CITIZENS, HOLDING TWO CITIZENSHIPS, TWO PASSPORTS, AS THE CASE WITH MR. AWAD. WILL THIS LAW APPLY TO HIM IN IMPLEMENTING IT, BECAUSE THERE ARE MANY ISRAELIS WHO WERE IN THE UNITED STATES, AND THEY STILL HOLD THEIR CITIZENSHIP AND THEIR U.S. CITIZENSHIP.

A.: I'M STILL NOT SURE EXACTLY WHAT THE QUESTION REFERS TO, SO MAYBE WE CAN HELP YOU AFTERWARDS. I JUST DON'T KNOW.

Q.: DO YOU HAVE ANYTHING ON A REPORT THAT SOVIET TROOPS ARE RETURNING TO SOME AREAS OF EASTERN AFGHANISTAN?

A.: REPORTS THAT THEY ARE RETURNING?

Q.: YES.
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A.: NO. ON THAT, I REALLY DON'T HAVE ANYTHING. ACCORDING TO THE GENEVA ACCORDS, ONE-HALF OF THE SOVIET FORCES MUST BE WITHDRAWN BY AUGUST 15. THAT GOAL IS CLEARLY ACHIEVABLE, ALTHOUGH THE FIRST MONTH'S WITHDRAWAL HAS BEEN LESS RAPID THAN INITIALLY EXPECTED.

Q.: IS THERE ANYTHING ON THE RESULTS OF THE SECRETARY'S MEETING THIS MORNING WITH MR. KHAN, THE U.N. MAN IN CHARGE OF THE RESETTLEMENT OF THE AFGHAN REFUGEES?

A.: NO. I DON'T YET HAVE ANY READOUT.

Q.: CHUCK, BACK TO AWAD FOR JUST A SECOND. WOULD THE SECRETARY OF STATE CONSIDER MEETING WITH HIM AS ONE OF THE GROUP OF PALESTINIANS WITH WHOM THE SECRETARY OCCASIONALLY MEETS TO DISCUSS ISSUES RELATING TO THE PEACE PROCESS? WOULD THAT BE, IN A WAY, ANOTHER FASHION FOR THE U.S. TO DEMONSTRATE ITS INTEREST IN HIS CASE, EVEN THOUGH THE JUDICIAL PART OF IT HAS NOW BEEN DECIDED?

A.: I JUST DON'T KNOW AT THIS STAGE WHETHER THERE WOULD BE A REQUEST FOR A MEETING OR WHETHER THERE WOULD BE A MEETING. I JUST COULDN'T SPECULATE ON THAT. THE SECRETARY'S VIEW ON MEETING WITH PALESTINIANS, AS YOU'VE MADE REFERENCE, HAS BEEN WELL DOCUMENTED OVER AND OVER AGAIN, SO THAT MATERIAL IS ON THE RECORD. AND OF COURSE, IN THE CASE OF MR. AWAD, OUR PEOPLE IN ISRAEL, IN OUR CONSULATE IN PARTICULAR, HAVE CONTINUED TO DEAL ON A FIRST-HAND BASIS WITH THAT CASE FOR QUITE SOME TIME.

Q.: WILL ANY U.S. OFFICIALS BE MEETING HIM UPON HIS ARRIVAL IN NEW YORK?

A.: I DON'T KNOW WHAT THE PLANS ARE.
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Q.: CHUCK, DO YOU HAVE ANY COMMENT ON THE RESULTS OF THE EMERGENCY ARAB SUMMIT CONFERENCE WHICH ENDED FRIDAY IN ALGERIA?

A.: NO.

Q.: CHUCK, THERE WAS A REPORT OVER THE WEEKEND ON ONE OF THE NETWORKS -- I BELIEVE IT WAS CBS -- THAT OLIVER NORTH, WHEN HE WAS AT THE WHITE HOUSE, PLOTTED OR PLANNED TO ASSASSINATE COLONEL QADHAFI THROUGH A PLOY OF MEETING WITH TERRY WAITE IN BEIRUT, AND THE NATIONAL SECURITY

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COUNCIL DISAPPROVED OF THIS... DO YOU HAVE ANY COMMENT,
CONFIRMATION, OR ASSESSMENT, OR WHATEVER?

A.: I DON'T HAVE ANYTHING ON THAT.

Q.: DO YOU HAVE ANY COMMENT ON THE FRENCH ELECTIONS?

A.: NO.

Q.: ANYTHING ABOUT FIGHTING BETWEEN IRAN AND IRAQ. THERE
WAS A REPORT, I THINK,, ABOUT A SUCCESSFUL COUNTER-ATTACK
BY IRAN NEAR BASRA?

A.: NO.

Q.: DO YOU HAVE ANY COMMENT ON THE MEETING WHICH TOOK
PLACE LAST WEEK IN THE STATE DEPARTMENT BETWEEN THE
SECRETARY GENERAL OF THE KURDISTAN DEMOCRATIC PARTY AND
U.S. OFFICIALS HERE IN THE DEPARTMENT?

A.: NO, I DON'T.

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Q.: THANK YOU.. SHULTZ.

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DOC_NUMBER: 88STATE182632

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FOR DEPTUY SECRETARY WHITEHEAD TODEP 03058

FOLLOWING STATE 182632 DTD 6/8/88 SENT USDEL SECRETARY
TOSEC 110566 BEING REPEATED FOR YOUR INFO

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PLEASE PASS TO CHARLES REDMAN

E.O. 12356: N/A

TAGS: SOPN

SUBJECT: HIGHLIGHTS OF TUESDAY, JUNE 7, EVENING TV NEWS

A. ABC'S WORLD NEWS TONIGHT

1. BEIRUT/HOSTAGES - THERE WAS A FLICKER OF HOPE TONIGHT
THAT SOMETHING MIGHT BE HAPPENING THAT COULD EVENTUALLY
LEAD TO THE RELEASE OF AMERICAN HOSTAGES IN LEBANON.
(PETER JENNINGS)

AMERICAN HOSTAGES ARE BELIEVED TO BE IN THESE BUILDINGS
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(FOOTAGE) IN THE RUINS OF WEST BEIRUT UNDER IRANIAN
CONTROL. DIPLOMATIC SOURCES HAVE TOLD ABC NEWS THAT
IRANIAN AND AMERICAN OFFICIALS HAVE RECENTLY BEEN IN
CONTACT OVER THE HOSTAGES. THAT'S THE FIRST MOVEMENT ON
THIS ISSUE IN A YEAR AND A HALF. AS SYRIAN TROOPS MOVED
INTO BEIRUT'S SOUTHERN SUBURBS LAST MONTH, U.S. EFFORTS
WERE REACTIVATED. U.N. AMBASSADOR VERNON WALTERS MET
WITH SYRIA'S PRESIDENT ASSAD; SECRETARY SHULTZ HAS DONE
SO AGAIN THIS WEEK. THEY WERE TOLD BY ASSAD THAT THIS

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WAS THE TIME TO RESPOND TO INITIATIVES BY IRAN, AND CONTACTS HAVE NOW BEEN MADE...THE U.S. WON'T AGAIN DO A STRAIGHT ARMS-FOR-HOSTAGES DEAL. BUT IF THE HOSTAGES WERE FREED, IT'S UNDERSTOOD THAT, IN THE HAGUE, WHERE IRANIAN AND AMERICAN LAWYERS HAVE FOR YEARS BEEN BATTLING OVER SEIZED IRANIAN ASSETS, THE U.S. WOULD BECOME MORE ACCOMMODATING. FOR ITS PART, IRAN HAS BEEN SUFFERING SETBACKS IN THE GULF WAR. IT'S HURTING ECONOMICALLY AND FEELS INCREASINGLY ISOLATED. IT MAY THEREFORE BE MORE AMENABLE TO A DEAL NOW. BEIRUT NEWSPAPERS CARRIED A POIGNANT REMINDER OF THE HOSTAGES TODAY -- A LETTER FROM THE MOTHER OF TERRY ANDERSON'S CHILD, WHO WAS THREE-YEARS-OLD TODAY. AND ANOTHER CAR BOMB EXPLODED IN WEST BEIRUT TODAY, WHICH KILLED AT LEAST FIVE PEOPLE AND INJURED 30. IT WAS ALSO A REMINDER OF THE FRAGILITY OF THE SITUATION. (BARRY DUNSMORE)

2. SHULTZ MIDEAST MISSION - SECRETARY OF STATE SHULTZ, IN CAIRO TODAY AT THE TAIL END OF ANOTHER FRUSTRATING MIDDLE EAST PEACE MISSION, SAID THE U.S. WILL NOT CURB ITS EFFORTS TO BRING THE TWO SIDES TOGETHER FOR NEGOTIATIONS. MR. SHULTZ SAID HE WOULD LOVE TO MAKE ANOTHER ATTEMPT AT MIDDLE EAST DIPLOMACY BEFORE THE REAGAN ADMINISTRATION COMES TO A CLOSE. (PETER JENNINGS)

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3. DUARTE CONDITION - DOCTORS SAY SALVADORAN PRESIDENT JOSE NAPOLEON DUARTE NOW HAS ONLY SIX MONTHS TO LIVE. DUARTE UNDERWENT SURGERY TODAY TO REMOVE TUMORS IN HIS STOMACH, BUT DOCTORS SAY THEY CAN DO NOTHING ABOUT HIS LIVER CANCER. (PETER JENNINGS)

B. NBC NIGHTLY NEWS

1. ISRAELI/PALESTINIAN UNREST - THERE WAS MORE VIOLENCE TODAY IN THE ISRAELI OCCUPIED WEST BANK -- AN APPARENT ASSASSINATION ATTEMPT BY PALESTINIAN MILITANTS. AN ARAB MAYOR APPOINTED BY ISRAEL WAS STABBED AND CRITICALLY WOUNDED. THIS ATTACK COINCIDED WITH PALESTINIAN CALLS FOR STRONGER PROTESTS AGAINST ISRAEL. (TOM BROKAW)

THE 73-YEAR-OLD ARAB MAYOR WAS STABBED IN THE HEART. HASSAN AL-TERWIL (SP.) IGNORED PALESTINIAN THREATS CALLING ON ISRAELI-APPOINTED MAYORS TO STOP WORKING WITH ISRAEL AND RESIGN. BUT THE OTHER MAYORS ARE YOUNGER, AND ISRAEL IS WORRIED THEY'LL CAVE IN TO THE PALESTINIAN PRESSURE. THE STABBING WAS THE ONLY SERIOUS INCIDENT TODAY. PALESTINIAN LEADERS HAD WANTED RIOTS TO MARK THE OPENING IN ALGIERS OF THE ARAB SUMMIT TO UNDERLINE THE PLO CALL FOR MORE MONEY FOR THE UPRISING. BUT TOUGH ARMY

ACTION AND ARRESTS AGAIN STOPPED MOST OF THE VIOLENCE.

THE SIX-MONTH UPRISING HAS ONLY MADE THE OCCUPATION WORSE FOR THE PALESTINIANS. LOOKING FOR HELP FROM THE ARAB STATES, TODAY THE PLO CALLED ON THE ARAB SUMMIT TO ISSUE A CLEAR CALL FOR AN INDEPENDENT PALESTINIAN STATE.
(MARTIN FLETCHER - TEL AVIV)

2. SOUTH AFRICA - IN SOUTH AFRICA, HUNDREDS OF THOUSANDS OF BLACK WORKERS STAYED OFF THEIR JOBS FOR A SECOND DAY, STRIKING TO PROTEST GOVERNMENT RESTRICTIONS ON
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ANTI-APARTHEID GROUPS. POLICE REPORTED DOZENS OF FIREBOMBINGS AND OTHER VIOLENCE, AND SAID AT LEAST EIGHT PEOPLE WERE KILLED. (TOM BROKAW)

C. CBS EVENING NEWS

1. ARAB SUMMIT - ALGERIA IS CALLING THE ARAB SUMMIT THE "SUMMIT OF THE UPRISING". ITS GOAL IS TO FIND WAYS TO SUPPORT THE PALESTINIAN UPRISING IN ISRAEL'S OCCUPIED TERRITORIES. LEADERS OR REPRESENTATIVES OF 21 COUNTRIES AND THE PLO ARE AT THE SUMMIT. (DAN RATHER)

2. OCCUPIED TERRITORIES - DESPITE APPEALS AND PROTESTS IN WASHINGTON, MUBARAK AWAD WILL BE DEPORTED NEXT WEEK. THE ACTION WAS ORDERED BY PRIME MINISTER SHAMIR, WHO IS STONEWALLING SECRETARY SHULTZ AND THE AMERICAN PEACE PLAN. AND YET THE AMERICANS ARE AS GENEROUS TOWARDS THE ISRAELIS AS ALWAYS. THERE ARE DEMONSTRATIONS ALMOST WEEKEND, LEFT-WING DEMONSTRATIONS AGAINST THE OCCUPATION. BUT MOST ISRAELIS ARE MARCHING TO THE RIGHT. A RECENT POLL IN ISRAEL'S LARGEST NEWSPAPER SHOWS THAT OVER 50 PERCENT OF ISRAELIS FAVOR POPULATION TRANSFER AS THE PREFERRED SOLUTION. THAT MEANS MOVING THE PALESTINIANS OUT OF THE TERRITORY--A FANTASY MORE THAN A VIABLE OPTION, PERHAPS, BUT AN INDICATION OF WHAT ISRAELIS THINK ABOUT CO-EXISTENCE. THE DAILY CONFLICT IN THE OCCUPIED TERRITORIES IS NOT AN EVENT ANYMORE; IT IS PART OF A LANDSCAPE. IT IS A NEW ISRAEL. (BOB SIMON, WEST BANK)

D. NO FOREIGN POLICY INTERVIEWS ON MACNEIL-LEHRER OR ABC NIGHTLINE. ARMACOST UNQUOTE ARMACOST

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DOC_NBR= 88CAIRO18188

FILM= D880668-0879

DATE= 02 AUG 88

TYPE= TE

FROM= CAIRO

DRAFTER= n/a

OFFICE= ACTION NEA

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ORIGCLASS= UNCLASSIFIED

ORIGPCCLASS= n/a

EO= N/A

SUBJECT= CAIRO PRESS REVIEW, AUGUST 2, 1988 - UNCLASSIFIED

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= REVIEW, PRESS COVERAGE, POLITICAL LEADER, PEACE PLAN, PROPOSAL,
DISPUTE, CLAIM, AIDS

TAGS= PREL, PGOV, PINS, ECON, EG, US, UR, PLO

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E.O. 12356: N/A
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THIS REVIEW COVERS THE ESTABLISHMENT PRESS
(GOVERNMENT-INFLUENCED, AROUND ONE MILLION CIRCULATION)
AND THE OPPOSITION PRESS (NORMALLY WEEKLIES). BOTH

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CATEGORIES REFLECT THE INCREASING INDEPENDENCE OF THE EGYPTIAN PRESS. THE OPPOSITION PAPERS ARE NOT ONLY LIMITED IN CIRCULATION (10,000-60,000, EXCEPT FOR THE WIDER CIRCULATION AL-WAFD), BUT ALSO WIDELY RECOGNIZED AS IRRESPONSIBLE. NONETHELESS, THEIR STORIES FORM PART OF THE CAIRO RUMOR MILL; THEY CAN PROMPT DEFENSIVE GOVERNMENT ACTION AND INSPIRE PARALLEL STORIES IN THE ESTABLISHMENT PRESS.

HIGHLIGHTS

- BASSAM ABU SHARIF SAYS NONE OF THE PLO LEADERS HAS OBJECTED TO HIS PEACE PROPOSAL.
- THE EGYPTIAN AMBASSADOR IN MOSCOW REITERATES THAT EGYPT GRANTS NO MILITARY FACILITIES TO ANY COUNTRY.
- COLUMNIST CRITICIZES BUREAUCRACY OF THE MINISTER OF INTERNATIONAL COOPERATION.
- OPPOSITION AL-SHAAB CLAIMS AGAIN THAT THE MOSSAD IS PLOTTING TO SPREAD AIDS IN EGYPT AND THE ARAB WORLD.

ESTABLISHMENT PRESS. INTERNATIONAL NEWS

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1. JORDAN/WEST BANK. ALL PAPERS HIGHLIGHT INTERNATIONAL REACTION TO JORDAN'S DECISION TO CUT LEGAL AND ADMINISTRATIVE LINKS WITH THE WEST BANK. SECRETARY SHULTZ ANNOUNCED THAT THIS DECISION WOULD HAVE NO EFFECT ON THE PEACE PROCESS OR ON THE US COMMITMENT NOT TO HOLD CONTACTS WITH THE PLO UNLESS THE PLO MET US CONDITIONS. ARAFAT, REPORTEDLY, HAS CANCELLED HIS EXPECTED VISIT TO AMMAN AND WILL HOLD URGENT TALKS IN BAGHDAD. ARAFAT'S ADVISOR BASSAM ABU SHARIF STATED THAT JORDAN'S DECISION EMPHASIZED THAT THERE WOULD BE NO STABILITY OR PEACE IN THE MIDDLE EAST WITHOUT THE PLO. ABU SHARIF NOTED THAT NONE OF THE PLO LEADERS HAD OBJECTED TO HIS RECENT PEACE PROPOSAL.

2. EGYPT/USSR. AKHBAR REPORTS EGYPTIAN AMBASSADOR IN MOSCOW SALAH BASYOUNI ANNOUNCED THAT EGYPT'S POLICY IS

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FIXED AND BASED ON BENEFITING FROM ANY MILITARY EXPERTISE
IN THE WORLD WITHOUT GRANTING ANY MILITARY FACILITIES OR
BASES ON ITS TERRITORIES TO ANY COUNTRY. BASYOUNI POINTED
OUT THAT EGYPT IS COMMITTED ONLY TO THE JOINT DEFENSE PACT
WITH THE ARAB COUNTRIES. IN THE SAME INTERVIEW, THE
SOVIET AMBASSADOR IN CAIRO STATED THAT BILATERAL RELATIONS
AND TIES BETWEEN THE EGYPTIAN AND SOVIET PEOPLES ARE
STRONG.

3. EGYPT/SAUDI ARABIA. AHRAH QUOTES ON THE FRONT PAGE
KING FAHD OF SAUDI ARABIA AS SAYING THAT HE WILL VISIT
EGYPT VERY SOON. KING FAHD EXPRESSED HIS LOVE FOR EGYPT
AND THE EGYPTIAN PEOPLE. HE ALSO HAILED MUBARAK'S EFFORTS
AT BOTH THE INTERNATIONAL AND DOMESTIC LEVELS, NOTING THAT
MUBARAK'S ACHIEVEMENTS ARE THE BEST EVIDENCE OF THE
PRESIDENT'S WISDOM AND FORESIGHT.

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E.O. 12356: N/A
TAGS: PREL, PGOV, PINS, ECON, EG, US, UR
SUBJECT: CAIRO PRESS REVIEW, AUGUST 2, 1988

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4. EGYPT/SUDAN. AHAM REPORTS HEAD OF THE SUDANESE
DEMOCRATIC UNION PARTY MOHAMMAD OSMAN WILL ARRIVE IN CAIRO
AUGUST 3 FOR A TEN-DAY VISIT.

5. EGYPT/DENMARK. AHAM REPORTS AN ECONOMIC DELEGATION
FROM DENMARK HEADED BY THE DIRECTOR OF THE INTERNATIONAL
COOPERATION DEPARTMENT AT THE DANISH FOREIGN MINISTRY WILL
ARRIVE IN CAIRO AUGUST 2 FOR A TEN-DAY VISIT DURING WHICH
IT WILL SIGN A NUMBER OF AGREEMENTS, WHEREBY EGYPT WILL BE
GRANTED DOLLARS 150 MILLION FOR PROJECTS IN THE FIELDS OF
AGRICULTURE, FOOD INDUSTRIES, HEALTH, AND CEMENT.

6. EGYPT/IRAN. AHAM REPORTS FOREIGN MINISTER ABDEL
MEGUID SAID EGYPT IS FOLLOWING UP THE PROBLEM OF THE
EGYPTIAN PRISONERS IN IRAN THROUGH THE INTERNATIONAL RED
CROSS, THE ITALIAN GOVERNMENT WHICH REPRESENTS EGYPTIAN
INTERESTS IN IRAN, AND THROUGH MEETINGS BETWEEN EGYPT'S
DELEGATE AT THE UN ABDEL HALIM BADAWY AND THE UN SECRETARY
GENERAL. ABDEL MEGUID ADDED THAT EGYPT HAD NO POWS IN
IRAN BECAUSE THEY WERE VOLUNTEERS.

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THE FRAMEWORK OF AN INTEGRATED AGRICULTURAL PLAN TO CULTIVATE 189.000 FEDDANS BY USING GROUND WATER.

10. DENIAL BY THE POPE. ALL PAPERS REPORT THE ORTHODOX COPTIC PATRIARCHATE DENIED THAT POPE SHENOUDA HAD ISSUED A DECREE UNFROCKING ANY PRIEST OR CLERGYMAN WHO APPLIES FOR LOCAL COUNCIL CANDIDACY. THE PATRIARCHATE POINTED OUT THAT UNKNOWN PERSONS HAD SENT FORGED LETTERS IN THE NAME OF THE POPE AND CALLED UP SENIOR STATE OFFICIALS CLAIMING FALSELY THAT THE CHURCH WOULD UNFROCK PRIESTS WHO PARTICIPATE IN THE ELECTIONS.

11. TV NEWS. NEWS ITEMS ON TV AUGUST 1 WERE AS FOLLOWS: MUBARAK'S MEETING WITH PRIME MINISTER SEDKY AND HIS MEETING WITH THE VISITING BRITISH MINISTER OF EDUCATION; THE PNC MEETING IN BAGHDAD ON KING HUSSEIN'S MOVE, TOGETHER WITH A SUMMARY OF THE KING'S SPEECH; PLO FIGURES IN THE OCCUPIED TERRITORIES HAIL JORDAN'S DECISION; ISRAEL EXPELS EIGHT PALESTINIANS TO LEBANON; QATAR ESTABLISHES DIPLOMATIC TIES WITH THE SOVIET UNION; AND THE MEETING OF THE US DEFENSE SECRETARY AND HIS SOVIET COUNTERPART IN MOSCOW.

12. DOLLAR EXCHANGE RATE FOR AUGUST 2: USD 1 EQUALS PT 230.0 (BUYING) AND PT 230.6 (SELLING).

OPPOSITION NEWS

13. MOSSAD SCHEME. AL-SHAAB CLAIMS FOR THE THIRD TIME THAT THE MOSSAD RECRUITED FEMALE AIDS PATIENTS OF VARIOUS

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PREAD. THE DISEASE IN EGYPT AND TH

14. "AMBASSADOR WISNER IS A ROUGHRIDER." AL-SHAAB NOTES THAT AMBASSADOR WISNER IS FOND OF HORSE RIDING AND THAT IS WHY HE GOES TO THE GEZIRA CLUB WITH HIS GUARDS AND A CIA OFFICER EARLY IN THE MORNING TO RIDE HORSES. AL-SHAAB CONCLUDES SARCASTICALLY THAT AMBASSADOR WISNER HAD BEEN DEPRIVED OF HIS HOBBY FOR TWO YEARS UNTIL THE MEMBERS OF THE "EGYPT'S REVOLUTION" ORGANIZATION WERE ARRESTED, BUT "WHEN THE CAT IS AWAY FRANK WISNER PLAYS."

15. EGYPT/WORLD BANK/IMF. AL-WAFD REPORTS THE WORLD BANK WILL DISBURSE A DOLLARS 800 MILLION LOAN TO EGYPT IF THE COMING DISCUSSIONS BETWEEN THE EGYPTIAN GOVERNMENT AND THE IMF ARE SUCCESSFUL. ACCORDING TO AL-WAFD, THE EGYPTIAN GOVERNMENT WILL RESPOND MORE POSITIVELY TO THE IMF CONDITIONS IN ORDER TO RESTORE CONFIDENCE IN THE EGYPTIAN ECONOMY AND OBTAIN THE SECOND PORTION OF THE STANDBY CREDIT AMOUNTING TO DOLLARS 150 MILLION. THE GOVERNMENT IS EXPECTED TO APPROVE AN INCREASE IN ELECTRICITY PRICES ON HIGH CONSUMPTION BRACKETS. BUT IN A SEPARATE ARTICLE, AL-WAFD REPORTS THAT SOME GOVERNORS HAVE REFUSED TO APPLY INSTRUCTIONS TO REDUCE CONSUMPTION OF ENERGY IN THEIR GOVERNORATES BECAUSE OF "POLITICAL AND ECONOMIC PRESSURES" APPLIED BY THE HEADS OF THE POPULAR COUNCILS AND "OTHER AGENCIES." AL-WAFD NOTES THAT A SOURCE IN THE MINISTRY OF

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E.O. 12356: N/A
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SUBJECT: CAIRO PRESS REVIEW, AUGUST 2, 1988

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ELECTRICITY WARNED AGAINST EGYPT'S CURRENT ANNUAL INCREASE
OF ELEVEN PERCENT IN ELECTRICITY CONSUMPTION.
WISNER

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EO= N/A

SUBJECT= AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS - JULY 17, 1988

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= n/a

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SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

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JULY 17, 1988

HEADLINES:

1. SHULTZ SAYS TAIWAN-MAINLAND DEVELOPMENTS "ENCOURAGING"
2. SHULTZ'S TRIP TO BEIJING
3. CHIANG: FOREIGN RESERVES NOT UNDER HIS NAME
4. U.S. CONGRESSMEN TO VISIT TAIWAN
5. CBC HUYS GOLD 680,000 OUNCES IN MAY
6. BEIJING DRAFTING A CLEARER ECONOMIC POLICY TOWARD TAIWAN
7. TRADE ASSOCIATION TO STUDY TRADE RELATIONS WLTH MAINLAND
8. CENTRAL BANK TO RAISE INTEREST RATE, LENDING RATE
9. BUY-AMERICAN MISSIONS MAY BE CANCELLED
10. STOCKS SURGE, NT LEVELS
11. U.S. PROPOSES TAIWAN OPEN DUCK IMPORTS
12. TAIWAN TRADE MISSION ARRIVES IN VIETNAM

1. SHULTZ SAYS TAIWAN-MAINLAND DEVELOPMENTS "ENCOURAGING:"

- UNITED DAILY NEWS. CNA STORY DATELINED WASGHINTON: U.S. SECRETARY OF STATE GEORGE SHULTZ SAID IN BEIJING THAT HE GIVES A POSITIVE EVALUATION TO THE TAIWAN-MAINLAND SITUATION. HE UNCLASSIFIED

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SAID. "WHAT WE SEE IS MORE EXCHANGES BETWEEN THE TWO SIDES OF THE TAIWAN STRAIT. THAT IS MORE EXCHANGES OF GOODS AND PEOPLE. ON THE WHOLE, THIS THIS AN ENCOURAGING DEVELOPMENT."

SHULTZ WAS REPLYING TO A REPORTER'S QUESTION, "WHAT'S YOUR OPINION ON CHINA'S REUNIFLCATION, ESPECIALLY FOLLOWING THE KMT PARTY CONGRESS, AND DO YOU PERCEIVE ANY CHANGES BETWEEN THE TWO SIDES OF THE TAIWAN STRAITS?"

SHULTZ'S REPLY DID NOT MENTION THE KMT PARTY CONGRESS. BUT HE APPARENTLY GAVE A POSITIVE VIEW OF DEVELOPMENTS BETWEEN TAIWAN AND THE MAINLAND. ACCORDING TO FACT SHEETS PRESENTED BY THE STATE DEPARTMENT. SHULTZ ALSO REITERATED AMERICA'S

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WASHINGTON ENDS THAT
CONSISTENT POSITION THAT "WASHINGTON ENDS THAT
THE ISSUE OF CHINA'S REUNIFICATION MUST BE SOLVED
BY PEACEFUL MEANS."

REPLYING TO QUESTIONS OF THE ROLE THE UNITED
STATES WILL PLAY IN TAIWAN ISSUES, SHULTZ SAID
THAT AMERICAN POLICY IS THAT THERE IS ONLY ONE
CHINA. (FULL)

- CHINA TIMES, HONG KONG STORY: ACCORDING TO THE
XINHUA NEWS AGENCY, SHULTZ SAID THAT INCREASING
EXCHANGES OF GOODS AND PEOPLE BETWEEN THE TWO
SIDES OF THE TAIWAN STRAITS IS AN "ENCOURAGING
DEVELOPMENT." HE SAID REUNIFICATION IS A CHINESE
DOMESTIC AFFAIR. THE UNITED STATES WELCOMES
STATEMENTS ON THE ISSUE MADE BY THE "PEOPLE'S
REPUBLIC OF CHINA" IN RECENT YEARS. SHULTZ MADE
THE ABOVE REMARKS IN A NEWS CONFERENCE AFTER HE
MET WITH DENG XIAOPING, ZHAO ZIYANG, AND LI PENG.

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E.O. 12356: NA

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SUBJECT: AIT/CIS SMMARY OF CHINESE LANGUAGE PRESS

- CHINA TIME, TOKYO DISPATCH: REPORTS FROM
BEIJING SAI COMMUNIST CHINESE SECRETARY GENERAL
ZHAO ZIYAN SAID THAT THE CHINESE COMMUNIST PARTY
IS PREPARED TO COOPERATE WITH THE KMT IN ORDER TO
REUNIFYCHINA.

A NEWS AGENCY IN TOKYO, QUOTING REPOTS BY THE
CHINESE OFFICIAL XINHUA NEWS AGENCY, SAID ZHAO
MADE THE ABOVE STATEMENT DURING HIS MEETING WITH
SECRETARY OF STATE SHULTZ.

2. SHULTZ'S TRIP TO BEIJING:

- UNITED DAILY NEWS, WASHINGTON DISPATCH, JAMES
WANG: SECRETARY OF STATE SHULTZ MADE A "FAREWELL"
VISIT TO EEIJING. HE GAVE A 12-PARAGRAPH SPEECH
AT THE DINNER HOSTED BY THE CHINESE FOREIGN
MINISTER. ONLY TWO SENTENCES RELATED TO TAIWAN.
THE ATTENTION GIVEN TO TAIWAN IS MUCH LESS THAN
THAT GIVEN TO THE KOREAN ISSUE

SHULTZ BECAME THE SECRETARY OF STATE IN 1982. HE
HAD TO ELABORATE ABOUT THE AMERICAN RELATIONSHIP
WITH TAIWAN ON ALMOST EVERY OCCASION LIKE THIS.
HE HAS HAD TO REPEAT THE WORDS OF THE COMMUNIQUE
WASHINGTON SIGNED WITH BEIJING. AT THE SAME TIME
HE SAYS THAT WASHINGTON CAN'T FORGET OLD FRIENDS.
HOWEVER, SUCH ROUTINE DIPLOMATIC CLICHES ARE
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DECREASING. THEY DROPPED TO A RECORD LOW IN THIS "TOAST" IN BEIJING.

SHULTZ'S WORDS RELATED TO TAIWAN WERE IN THE EIGHTH PARAGRAPH OF HIS SPEECH. HE SAID, "WE HAVE MADE IT CLEAR THAT WE WELCOME DEVELOPMENTS ON BOTH SIDES OF THE TAIWAN STRAITS THAT CONTRIBUTE TO A RELAXATION OF TENSIONS AND CONSTRUCTIVE INTERCHANGE. SUCH DEVELOPMENTS ARE CONSISTENT WITH OUR LONG-STANDING INTEREST IN A PEACEFUL RESOLUTION OF THE TAIWAN QUESTION."

BUT WHAT IS MOST CONFUSING IS THE STATEMENT IMMEDIATELY FOLLOWING. HE SAID, "IN THE SAME SPIRIT, WE HOPE THAT THE RECENT COURAGEOUS AND FAR-SIGHTED PROPOSALS THAT HAVE BEEN MADE FOR CREATING A NEW CLIMATE ON THE KOREAN PENINSULA AND FOR EXPANDING NORTH-SOUTH CONTACTS WILL LEAD TO POSITIVE STEPS TOWARD NATIONAL RECONCILIATION. THE LEADERSHIP IN PYONGYANG HAS BOTH THE RESPONSIBILITY AND THE OPPORTUNITY TO HELP MAKE THE UPCOMING OLYMPIC GAMES IN SEOUL A SECURE AND CONTRIBUTING ELEMENT TO THIS PROCESS SO MUCH DESIRED BY ALL KOREANS."

SHULTZ'S COMMENT ON THE KOREAN DEVELOPMENT AS "COURAGEOUS AND FAR-SIGHTED" IMMEDIATELY FOLLOWING THE REMARKS ON THE TAIWAN-MAINLAND SITUATION MIGHT BE INTERPRETED AS "IMPLYING" THAT TAIWAN-MAINLAND RELATIONS SHOULD BE MORE POSITIVE AND LESS CONFRONTATIONAL. AT LEAST (ENCOURAGING BOTH) TO TAKE LARGER STEPS. BUT STATE DEPARTMENT OFFICIALS SAID THE UNITED STATES DID NOT UTILIZE THE "BOLD SUGGESTION" PROPOSED BY THE KOREANS TO PRESS

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TAGS: OPRC, TW

SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

TAIPEI TO REACH A COMPROMISE WITH BEIJING.

A U.S. GOVERNMENT OFFICIAL SAID SHULTZ'S STATEMENT CAN'T BE IMPLIED AS PRESSURE ON TAIPEI FROM WASHINGTON. SHULTZ WAS TALKING ABOUT TWO MATTERS OF A SIMILAR NATURE, BUT THE SITUATION IN THE KOREA PENINSULA AND THAT AROUND THE TAIWAN STRAITS ARE DIFFERENT IN DEVELOPMENT.

SHULTZ'S TOAST IN BEIJING ALSO ENCOURAGED BEIJING'S PEACEFUL AND LIBERALIZING POLICIES. HE NOTED THAT THE WORLD ECONOMY IS MOVING THROUGH A TRANSITION PERIOD AND INTERNATIONAL RELATIONS ARE CHANGING RAPIDLY. TRADITIONALLY HOSTILE COUNTRIES WILL TURN TO POLITICAL MEASURES TO SOLVE THEIR DISPUTES. COUNTRIES DIVIDED BY WAR OR REVOLUTION ARE NOW SEEKING TO CLOSE THE GAPS THROUGH DIALOGUE, TRADE, AND PERSONAL CONTACTS. FOR THE TIME BEING, THE KEY IS "LIBERALIZATION," A LIBERAL ATTITUDE TOWARD HUMAN CONTACTS, TRADE AND OLD PROBLEMS.

SHULTZ'S WORDS -- THAT HOSTILE COUNTRIES ARE THAWING THEIR RELATIONS AND ARE TURNING TO POLITICAL MEANS TO RESOLVE DISPUTES -- POINT TO THE NORMALIZATION BETWEEN THE UNITED STATES AND THE CHINESE COMMUNIST, AND THE NEWLY THAW IN UNCLASSIFIED

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WASHINGTON-MOSCOW AND MOSCOW-BEIJING RELATIONS. COUNTRIES SPLIT BY WAR OR REVOLUTION REFERS TO KOREA, GERMANY, AND CHINA

ON SHULTZ'S MIND DURING THIS TRIP IS BEIJING'S SALE OF BALLISTIC MISSILES TO MIDDLE EAST COUNTRIES. HE SAID THE DEVELOPMENT OF DIVERSE CENTERS OF SCIENTIFIC AND INDUSTRIAL CAPACITY AROUND THE WORLD IS LEADING TO THE PROLIFERATION OF HIGH-TECH WEAPONRY -- ADVANCED AIRCRAFT, MISSILES, AND CHEMICAL WEAPONS. IN THE GULF WAR, LESS-DEVELOPED COUNTRIES FIGHTING AGE-OLD BATTLES ON RELIGIOUS, ETHNIC OR POLITICAL GROUNDS HAVE

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READY ACCESS TO SUCH HIGHLY DESTRUCTIVE
ARMAMENTS. SHULTZ SAID THAT JUST AS THE MAJOR
POWERS ARE MAKING PROGRESS IN GETTING THEIR ARMS
COMPETITION UNDER SOME CONTROL, THE DEVELOPING
WORLD IS INCREASINGLY BURDENED BY THIS FLOW OF
ADVANCED WEAPONRY.

THIS EXPRESSED SHULTZ'S PUBLIC DISSATISFACTION
WITH BEIJING'S MISSILE SALES TO MIDDLE EAST
COUNTRIES. THE UNITED STATES ONCE HELD OFF EASING
TECHNOLOGY TRANSFER RESTRICTIONS TO BEIJING
BECAUSE ITS SALE OF SILKWORM MISSILES TO IRAN.
BEIJING RECENTLY SOLD MID-RANGE MISSILES TO SAUDI
ARABIA. REPORTS IN THE MIDDLE EAST ALSO SAID THAT
BEIJING WILL WILL SELL SHORT-RANGE BALLISTIC
MISSILES TO SYRIA AND LYBIA. THE UNITED STATES
BELIEVES THE USE OF SHORT-RANGE BALLISTIC MISSILES
IN THE MIDDLE EAST WILL DESTABILIZE THE SITUATION
AND ESCALATE THE RISK OF WAR.

HOWEVER, SHULTZ SAID THAT THE UNITED STATES DOES
ITS BEST TO KEEP THE FLOW OF ADVANCED TECHNOLOGY
ABROAD AS UNCONSTRAINED AS POSSIBLE, AS REFLECTED
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IN THE RECENT COCOM DECISION TO FURTHER LIBERALIZE
TECHNOLOGY TRANSFERS TO CHINA. SHULTZ'S STATEMENT
SEEMED TO RULE OUT THE POSSIBILITY THAT THE UNITED
STATES WILL TERMINATE TECHNOLOGY TRANSFERS TO
BEIJING BECAUSE OF THE LATTER'S ARMS SALES.

ON ISSUES RELATED TO THE COMMON INTERESTS OF
WASHINGTON AND BEIJING. SHULTZ MENTIONED THAT THE
SOVIET UNION, AFTER WITHDRAWING FROM AFGHANISTAN,
WOULD THINK OF A COMPLETE WITHDRAWAL OF VIETNAMESE
FORCES FROM CAMBODIA AND THE CREATION OF A
NATIONAL RECONCILIATION GOVERNMENT UNDER THE
LEADERSHIP OF PRINCE SIHANOUK. "ALL NATIONS
CONCERNED WITH THE FUTURE OF INDOCHINA HAVE AN
OBLIGATION TO FACILITATE SUCH A DEVELOPMENT."
SHULTZ IS ENCOURAGING BEIJING TO SUPPORT
SIHANOUK'S COALITION FORCE. SO THAT THE CAMBODIAN
COMMUNISTS NOT TO BLOCK THE SOLUTION OF THE
CAMBODIA ISSUE.

IT IS REPORTED THAT RANKING BEIJING OFFICIALS
GUARANTEED SHULTZ THAT BEIJING HAS NO INTENTION OF
LETTING VIETNAM CONTINUE OCCUPYING CAMBODIA, AND
BEIJING DOES NOT INSIST THAT CAMBODIAN COMMUNISTS
BECAME THE MAIN FORCE IN THE GOVERNMENT. ON THE
OTHER SIDE. BECAUSE THE SOVIET UNION IS

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CONSTRAINED BY ITS DOMESTIC ECONOMIC PROBLEMS,
VIETNAM IS ADJUSTING ITS ATTITUDE TOWARD BEIJING
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TO AMELIORATE TENSIONS.

THE BIGGEST HINDRANCE TO MOSCOW-BEIJING
NORMALIZATION IS THE ISSUE OF THE VIETNAMESE
INVASION TO CAMBODIA. AS THIS PROBLEM IS
ADDRESSED, BEIJING'S RELATIONS WITH MOSCOW ARE
ALSO IMPROVING. THIS TENDENCY IS TO THE AMERICAN
EXPECTATION, AND WELCOMED BY WASHINGTON WHICH IS
ALSO IMPROVING RELATION WITH MOSCOW. (FULL)

3. CHIANG: FOREIGN RESERVES NOT UNDER HIS NAME:

- CHINA TIMES, MOST PAPERS: CHIANG HSIAO-WU,
DEPUTY ENVOY TO SINGAPORE, REJECTS AS "RIDICULOUS"
REPORTS THAT THE CENTRAL BANK OF CHINA PLACED USD3
BILLION OF THE FOREIGN RESERVES IN A SINGAPORE
BANK UNDER HIS NAME.

HE SAID HE IS A DIPLOMAT AND HAS NO CONNECTION
WITH FOREIGN RESERVES, WHICH ARE SOLELY HANDLED BY
THE CENTRAL BANK OF CHINA. HE SAID HE BELIEVED
NONE OF TAIWAN'S REPRESENTATIVES IN SINGAPORE HAVE
ANYTHING TO DO WITH FOREIGN RESERVES.

TO QUESTIONS WHETHER TAIWAN SHOULD OPEN DIRECT
TRADE WITH SOVIET UNION, HE SAID, "IT IS UNWISE TO
TRADE WITH A COMMUNIST COUNTRY " HE ADDED, "WE
HAVE TO UNDERSTAND OUR FRIENDS. AND WE HAVE TO
UNDERSTAND OUR ENEMIES AS WELL THE SOVIET UNION
HAS NOT CHANGE ITS FOREIGN POLICY TOWARD CHINA
(TAIWAN)."

- UNITED DAILY NEWS: CHIANG SAID TAIWAN AND
SINGAPORE SHOULD MOVE TOWARD COOPERATION, NOT
COMPETITION, IN TRADE AND HIGH-TECH DEVELOPMENT.

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TAGS: OPRC, TW
SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

HE ALSO PRAISED HIS HALF-BROTHER, JOHN CHANG, FOR
HIS REMARKABLE DIPLOMATIC PERFORMANCE. CHIANG
SAID HE AND CHANG MET OFTEN ON DIPLOMATIC AFFAIRS,
AND BOTH SHARE MANY VIEWS.

4. U.S. CONGRESSMEN TO VISIT TAIWAN:

0311547300

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- UNITED DAILY NEWS: U.S. SENATOR MARK HATFIELD (R-OREGON) WILL ARRIVE IN TAIPEI MONDAY FOR A FIVE-DAY VISIT. ANOTHER DELEGATION OF REPRESENTATIVES LED BY REPRESENTATIVE MACHAEL OXLEY WILL ALSO ARRIVE MONDAY FOR SIX-DAY VISIT. THE DELEGATION INCLUDES REPRESENTATIVES BILL FRENZEL AND JOEL HEFLEY. THE VISITORS ARE SCHEDULED TO MEET THE PREMIER YU.

5. CBC BUYS GOLD 680,000 OUNCES IN MAY:

- COMMERCIAL TIMES, FRONT PAGE: THE CENTRAL BANK OF CHINA BOUGHT 680,000 OUNCE OF GOLD IN MAY, BRINGING THE BANK'S TOTAL GOLD RESERVES TO 12.937 MILLION OUNCES WORTH USD5 BILLION. THE BANK'S ANNUAL REPORT SAID THE MAY PURCHASE WAS THE LOWEST SINGLE-MONTH INTAKE SINCE NOVEMBER OF LAST YEAR WHEN THE OFFICIAL BANK STARTED TO SPONGE GOLD.

6. BEIJING DRAFTING A CLEARER ECONOMIC POLICY TOWARD TAIWAN:

- ECONOMIC DAILY NEWS, NEW YORK DISPATCH: A UNCLASSIFIED

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RANKING BEIJING OFFICIAL SAID TAIWAN'S SUSPICION THAT BEIJING'S ECONOMIC POLICIES ARE CAPRICIOUS IS UNDERSTANDABLE. HE SAID BEIJING IS NOW STUDYING A CLEARER ECONOMIC/TRADE POLICY RELATED TO TAIWAN.

SUN SHANGQING, DEPUTY SECRETARY OF THE ECONOMIC, TECHNOLOGICAL, AND SOCIAL DEVELOPMENT RESEARCH UNIT UNDER BEIJING'S STATE COUNCIL, MADE THE ABOVE COMMENT. HE IS REGARDED ONE OF THE MOST INFLUENTIAL THINK-TANK MEMBERS ON BEIJING'S ECONOMIC POLICIES.

HE SAID BEIJING'S ECONOMIC REFORMS "WILL NOT AND CAN NOT MAKE A U-TURN." HE SAID THE MOST URGENT TASK (FOR BEIJING IN HANDLING THE TAIWAN-MAINLAND ECONOMIC/TRADE RELATIONS) IS TO IMPROVE THE INVESTMENT CLIMATE IN THE MAINLAND. HE ALSO CALLED ON TAIWAN TO LIBERALIZE RESTRICTIONS ON LOCAL BUSINESSMEN INVESTING ON THE MAINLAND.

HE SAID MANY OF TAIWAN'S EXPERIENCES IN ECONOMIC DEVELOPMENT COULD PROVIDE A MODEL FOR THE

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MAINLAND. THESE INCLUDE HOW TO ATTRACT FOREIGN CAPITAL TO HELP DEVELOP THOSE MANUFACTURING INDUSTRIES WHICH ARE SUITABLE, HOW TO CURB INFLATION, HOW TO DRAFT EXPORT/IMPORT REGULATIONS, AND HOW TO TRAIN ECONOMIC/TRADE EXPERTS. HE SAID TAIWAN'S SELECTION OF ECONOMIC POLICIES AND THEIR IMPLEMENTATION HAVE SIGNIFICANT MEANING FOR THE MAINLAND.

7. TRADE ASSOCIATION TO STUDY TRADE RELATIONS WITH MAINLAND:

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E.O. 12356: N/A

TAGS: OPRC, TW

SUBJECT: AIT/CIS SUMMARY OF CHINESE LANGUAGE PRESS

- COMMERCIAL TIMES, FRONT PAGE: THE ROC NATIONAL INDUSTRIES ASSOCIATION HAS DECIDED TO SET UP A COMMITTEE TO STUDY ECONOMIC/TRADE RELATION WITH THE MAINLAND. THIS COMMITTEE WILL MEET ONCE A MONTH.

THE ASSOCIATION, CHAIRED BY HSU SENG-FA, NEWLY-ELECTED TO THE KMT'S TOP POLICY-MAKING CENTRAL STANDING COMMITTEE, MADE THE DECISION AND PRESENTED IT TO BE APPROVED BY THE INTERIOR MINISTRY. SU SAID THE COMMITTEE WILL EVALUATE THE ADVANTAGES AND DISADVANTAGES OF DOING BUSINESS WITH THE MAINLAND.

- ECONOMICS MINISTRY OFFICIALS SAID THEY WELCOME BUSINESS GROUPS DOING THEIR OWN RESEARCH ON TRADE RELATIONS WITH THE MAINLAND AND SAID THIS WILL BE HELPFUL TO THE MINISTRY AS IT MAPS OUT TRADE POLICY TOWARD THE MAINLAND.

8. CENTRAL BANK TO RAISE INTEREST RATE, LENDING RATE:

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- UNITED DAILY NEWS, FRONT PAGE. IT IS LEARNED
THAT CENTRAL BANK OF CHINA MIGHT RAISE THE CEILING
AND LOWER THE FLOOR OF BOTH INTEREST RATES AND
LENDING RATES. MANY BANKS HAVE ALREADY MOVED
THEIR RATES RECENTLY BEYOND THE RANGE THE OFFICIAL
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BANK ALLOWED.

9. BUY-AMERICAN MISSIONS MAY BE CANCELLED:

- COMMERCIAL TIMES: THE BOARD OF FOREIGN TRADE IS
CONSIDERING CHANGING THE BUY-AMERICAN MISSIONS
INTO VISITING GROUPS. SCRAPPING THE REQUIREMENT TO
BUY COMMODITIES. HOWEVER, THE BUSINESS COMMUNITY
HAS URGED THE AGENCY SIMPLY TO CANCEL SUCH TRIPS.
MANY BUSINESSMEN EXPRESS A LUKEWARM ATTITUDE
TOWARD BUY-AMERICAN MISSIONS THIS YEAR BECAUSE
TAIWAN HAS ALLOWED FREE IMPORT OF COMMODITIES AND
THE UNITED STATES IS EXPERIENCING A DROUGHT.

- AN ANALYSIS BY LIU PEI-YUAN SAID THE
BUY-AMERICAN MISSIONS, WHICH HAVE BEEN HELD
ROUTINELY FOR 10 YEARS, ARE FACING AN END. TO
MOST OF THE AMERICAN STATES VISITED BY THE
MISSION, IT IS LIKE A "LEFTOVER DISH" -- THEY HAVE
NO APPETITE FOR IT, BUT IT IS A PITY TO DUMP IT.

CCNAA REPRESENTATIVE FREDRICK CHIEN HAS SENT MANY
SPECIAL CABLES TO TAIPEI TRYING TO PERSUADE THE
BOFT TO CONTINUE ORGANIZING THE MISSION TO HELP
CCNAA STRENGTHEN RELATIONS WITH THE STATES.

HOWEVER, AN OFFICIAL WHO HAS BEEN IN BUY-AMERICAN
MISSION GROUPS MANY TIMES SAID THE TAIPEI
GOVERNMENT PAID FOR ALL THE EXPENDITURES OF THE
MISSION IN THE UNITED STATES, AND THAT IS THE
REASON WHY NO STATE REJECTS TAIWAN'S MISSION. BUT
THE U.S. ADMINISTRATION HAS SAID MANY TIMES THAT
BUY-AMERICAN MISSIONS CAN'T ACTUALLY SOLVE TRADE
PROBLEMS BETWEEN TAIWAN AND THE UNITED STATES.
THE USTR ALSO SHOWS NO GRATITUDE FOR TAIWAN'S

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SINCERITY IN SENDING SUCH GROUPS, THE OFFICIAL
SAID.

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BUT, AS THE TAIPEI ADMINISTRATION WILL SOON
RESHUFFLE, NO OFFICIAL IS WANTS TO LET THE
YEARS-OLD BUY-AMERICAN MISSIONS DIE IN HIS HANDS.
BUT BUSINESSMEN BELIEVE THAT IF SUCH MISSION HAVE
LOST THEIR FUNCTION, WHY NOT JUST PRONOUNCE THE
DEATH PUBLICLY.

10. STOCKS SURGE, NT LEVELS:

- ECONOMIC DAILY NEWS: STOCKS SURGED 75.78 POINTS
TO CLOSE AT 5,454.29. TURNOVER AMOUNTED TO NTD23
BILLION.

CHINA TIMES: THE NT STABILIZED AT 28.63-1 AFTER
THE CBC INTERVENED TO ABSORB LARGE AMOUNTS OF
GREENBACKS. INTER-BANK TRANSACTIONS TOTALED
USD501 MILLION.

11. U.S. PROPOSES TAIWAN OPEN DUCK IMPORTS:

- CHINA TIMES: FOLLOWING TURKEY, THE UNITED
STATES HAS PROPOSED THAT TAIWAN ALLOW DUCK
IMPORTS. THE COUNCIL FOR AGRICULTURE HAS SAID
THIS IS HARD TO ACCEPT. AGRICULTURAL OFFICIALS
SAID DUCK IMPORT LICENSING WAS BROUGHT UNDER
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CONTROL LAST SEPTEMBER BECAUSE OF AN IMPORT SURGE
IN THE WAKE OF THE NT APPRECIATION AT THAT TIME.

THAT THE U.S. NOW HOPES TAIWAN WILL ALLOW DUCK
IMPORTS WAS IN A MESSAGE RELAYED THROUGH AIT TO
THE AGRICULTURAL COUNCIL. OFFICIALS OF THE
COUNCIL SAID THE UNITED STATES HOPES TO PLACE DUCK
IMPORTS ON THE AGENDA OF THE UP-COMING HAWAII
TRADE TALKS. OFFICIALS SAID TURKEY IMPORTS ARE
STILL CONTROVERSIAL, AND DUCK IMPORTS ARE OUT OF
QUESTION.

12. TAIWAN TRADE MISSION ARRIVES IN VIETNAM:

- COMMERCIAL TIMES, AFP STORY DATED HANOI:
THE VIETNAM NEWS AGENCY REPORTED THAT A TRADE
DELEGATION ARRIVED FROM TAIPEI FOR THE FIRST TIME
AFTER TAIWAN CUT DIPLOMATIC RELATIONS WITH VIETNAM
12 YEARS AGO. THE SIX-MEMBER DELEGATION WAS LED

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BY PAN CHIA-HSIN, DIRECTOR OF THE CHINA EXTERNAL
TRADE DEVELOPMENT COUNCIL, A SEMI-OFFICIAL TRADE
AGENCY. DEAN

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DATE= 15 JUL 88

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OFFICE= ORIGIN EAP

TO= EAP POSTS
PARIS
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CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= UNCLASSIFIED

ORIGPCCLASS= n/a

EO= N/A

SUBJECT= JULY 14 EAP PRESS SUMMARY BEIJING PLEASE PASS TO ASSISTANT SECRETARY
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REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= n/a

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1. SHULTZ ASIA TRIP/CHINA/CAMBODIA

-- WASHINGTON POST'S OBERDORFER (HONG KONG) REPORTS THAT THE RECENT CHINESE SALE OF MEDIUM-RANGE MISSILES TO SAUDI ARABIA AND REPORTS OF CHINESE SHORT-RANGE MISSILES SALES DISCUSSIONS WITH IRAN, LIBYA, SYRIA AND PAKISTAN ARE CLOSE TO THE TOP OF THE AGENDA FOR SECRETARY SHULTZ'S VISIT TO BEIJING, A SENIOR DOS OFFICIAL SAID WEDNESDAY. HE ADDS REPORTERS WERE TOLD IN HONG KONG THAT ALSO HIGH ON THE LIST IS THE CHINESE POSITION ON A NEGOTIATED SETTLEMENT IN CAMBODIA, AND ESPECIALLY THE QUESTION OF THE CHINESE-SUPPORTED KHMER ROUGE GUERRILLAS.

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OBERDORFER SAYS THE SECRETARY'S TRIP IS COMING AT A TIME WHEN SINO-AMERICAN TIES ARE BEING DESCRIBED BY US AIDES AS "A VERY NORMAL RELATIONSHIP WITH A VERY FIRM BASE." HE ADDS THAT, ON THE EVE OF THE JOURNEY, THE US SIDE EXPRESSED CONFIDENCE THAT THE CLOSE TIES CAN WITHSTAND EVEN CONTENTIOUS DIFFERENCES BECAUSE OF THE DEPTH AND SCOPE OF MUTUAL UNDERSTANDING.

OBERDORFER POINTS OUT THAT THE SWIFT AND UNEXPECTED EMERGENCE OF CHINA AS A BALLISTIC MISSILE MERCHANT TO THE MIDDLE EAST ALREADY HAS BEEN THE SUBJECT OF HIGH-LEVEL CHINESE-AMERICAN DISCUSSIONS IN THE PAST 2 MONTHS. HE NOTES US SOURCES HAVE REPORTED THAT IRAN HAS BEEN PRESSING THE CHINESE TO SUPPLY IT WITH THE SAME POWERFUL WEAPON IT SECRETLY SAUDI ARABIA. HE ADDS THE CHINESE TOLD THE US, ACCORDING TO A SENIOR US DIPLOMAT, THEY SOLD THE ARMS ONLY TO SAUDI ARABIA AND THAT, "FROM THEIR STANDPOINT, IT WAS SOLD FOR DEFENSIVE PURPOSES ONLY AND IN A NON-NUCLEAR MODE." HE POINTS OUT THE CHINESE HAVE GIVEN NO ASSURANCES ABOUT PLANS FOR THE FUTURE, HOWEVER.

OBERDORFER REPORTS A SENIOR US OFFICIAL SAID WEDNESDAY THAT WASHINGTON BELIEVES BEIJING IS LIVING UP TO ITS UNCLASSIFIED

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ASSURANCES THAT IT ISN'T PROVIDING SILKWORM MISSILES TO IRAN OR TO THE INTERNATIONAL ARMS MARKET.

OBERDORFER SAYS ANOTHER SENSITIVE MISSILE ISSUE ON THE SECRETARY'S AGENDA IS THE PROJECTED "M-9" SHORT-RANGE BALLISTIC MISSILE NOW REPORTED TO BE UNDER DEVELOPMENT IN CHINA. HE POINTS OUT THAT CONFIRMED REPORTS INDICATE CHINESE SALES PRESENTATIONS HAVE BEEN MADE TO IRAN, LIBYA, SYRIA AND PAKISTAN. SHULTZ, ACCORDING TO OBERDORFER, WILL APPEAL TO THE CHINESE TO PLAY A CONSTRUCTIVE AND STABILIZING ROLE RATHER THAN SUPPLYING

NEW TYPES OF OFFENSIVE WEAPONS IN THE MIDDLE EAST, ACCORDING TO A US OFFICIAL.

ON THE CAMBODIA ISSUE, OBERDORFER REPORTS, THE SECRETARY HAS COMMENDED A JULY 1 CHINESE POLICY STATEMENT THAT WENT FURTHER THAN BEFORE IN SUPPORTING A NEGOTIATED SETTLEMENT.

-- WASHINGTON TIMES SUGGESTS THAT CHINA HAS FOUND A NEW WAY TO PROVE ITS ARMED MIGHT TO THE WORLD: WEAPONS SALES. THE US, WHILE UPSET WITH THE SITUATION, HASN'T

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BEEN VERY SUCCESSFUL AT STOPPING IT, IT SAYS. IT NOTES SECRETARY SHULTZ HAS ARGUED THAT CHINA IS DESTABILIZING THE MIDDLE EAST BY THE SALES.

-- REUTER'S GIACOMO (HONG KONG 7/13) SAYS RUMORS THAT CHINA MAY SELL BALLISTIC MISSILES TO MOSLEM STATES HAVE RAISED US FEARS THAT THE NEW GENERATION OF ARMS COULD FURTHER DESTABILIZE THE MIDDLE EAST, A US OFFICIAL SAID ON WEDNESDAY. SHE QUOTES THE OFFICIAL AS SAYING: "WE TAKE THEM (THE RUMORS) SERIOUSLY BECAUSE OF WHERE THE COURSE COULD LEAD." SHE ADDS THE OFFICIAL SAID THERE UNCLASSIFIED

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WERE REPORTS SYRIA, LIBYA, IRAN AND PAKISTAN WERE DISCUSSING ARMS PURCHASES FROM CHINA. GIACOMO QUOTES THE OFFICIAL AS SAYING: "NONE OF THESE ARE CONFIRMED REPORTS, BUT THE MIDDLE EAST IS A HOTBED OF RUMORS AND STORIES AND CLAIMS AND COUNTERCLAIMS."

GIACOMO NOTES THAT SECRETARY SHULTZ'S VISIT TO CHINA WILL INCLUDE TALKS WITH PREMIER LI PENG AND DENG XIAOPING. SHE ADDS THAT THE SECRETARY WILL TRY TO PERSUADE CHINA THAT ADDITIONAL SALES OF BALLISTIC MISSILES IN THE MIDDLE EAST ARE NOT IN BEIJING'S INTEREST. US OFFICIALS SAID. GIACOMO QUOTES A US OFFICIAL AS SAYING: "CHINA SEEMS TO HAVE SOME SHORT-RANGE SYSTEMS UNDER DEVELOPMENT. WE GET REPORTS THEY ARE BEING MARKETED IN THE AREA (MIDDLE EAST). IT DOESN'T APPEAR AT THIS TIME THAT THE MISSILES ARE READY FOR DELIVERY."

-- REUTER'S DINMORE (BEIJING) REPORTS SECRETARY SHULTZ ARRIVED IN CHINA ON THURSDAY FOR TALKS WHICH DIPLOMATS SAID WOULD FOCUS ON CHINESE MISSILE SALES TO THE MIDDLE EAST AND THE FUTURE OF CAMBODIA HE NOTES US OFFICIALS SAID THE SECRETARY WILL TRY TO CONVINCE THE CHINESE THAT FUTURE SALES ARE NOT IN ITS INTEREST. DINMORE ADDS THAT A SENIOR AMERICAN OFFICIAL TOLD REPORTERS ACCOMPANYING THE SECRETARY THAT CHINA'S WEAPONS DEALS IN THE REGION COULD JEOPARDIZE FURTHER RELAXATIONS BY THE WEST OF RESTRICTIONS IMPOSED ON HIGH-TECHNOLOGY EXPORTS TO CHINA.

ACCORDING TO DINMORE, CHINA'S OFFICIAL MEDIA HAVE PAID "SCANT ATTENTION" TO SHULTZ'S VISIT.

DINMORE REPORTS AN ASIAN DIPLOMAT STATED THAT BEIJING WOULD RAISE THE QUESTIONS OF THE WEST'S RESTRICTIONS OF HIGH TECHNOLOGY SALES TO CHINA AND CLOSE LINKS BETWEEN

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THE US AND TAIWAN. HE SAYS THAT A SENIOR US OFFICIAL,
WHO BRIEFED REPORTERS IN HONG KONG, STATES THAT THERE
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WERE UNCONFIRMED REPORTS SEVERAL MIDDLE EAST COUNTRIES
WERE DISCUSSING ARMS PURCHASES FROM CHINA.

ON CAMBODIA, DINMORE NOTES, THE SECRETARY IS EXPECTED TO
DISCUSS PRINCE SIHANOUK'S SURPRISE RESIGNATION AND THE
WEST'S CONCERN THAT THE KHMER ROUGE SHOULD NOT RETURN TO
POWER THERE.

-- LA TIMES' MANN (HONG KONG) SAYS THAT CHINA ALREADY HAS
CONCLUDED A DEAL TO SELL NEW "M-9" MISSILES TO SYRIA,
ACCORDING TO WESTERN OFFICIALS WHO KEEP TRACK OF CHINESE
ARMS SALES. IN RECENT WEEKS, HE NOTES, SOME ALARMED US
OFFICIALS HAVE VOICED THE FEAR THAT THE DELIVERY OF SUCH
MISSILES BY BEIJING TO DAMASCUS COULD EVENTUALLY LEAD TO
A PREVENTIVE ISRAELI AIR STRIKE, OR EVEN TO A WAR IN THE
MIDDLE EAST.

MANN SAYS THAT IN PUBLIC US OFFICIALS HAVE DESCRIBED THE
SALE AS STILL IN THE NEGOTIATING STAGE, BUT WESTERN
EXPERTS ON CHINESE ARMS SALES SAID THAT IN REALITY THE
DEAL HAS ALREADY BEEN COMPLETED. HE QUOTES ONE SOURCE AS
SAYING THE NEW MISSILES ARE NOT READY FOR DELIVERY, BUT
CHINA HAS AGREED TO SUPPLY SYRIA "OVER THE NEXT 18
MONTHS." ACCORDING TO MANN, HIS SOURCE WOULD NOT SAY
EXACTLY HOW MANY MISSILES SYRIA BOUGHT OR HOW MUCH MONEY
IT HAS AGREED TO PAY CHINA.

MANN NOTES THAT A US OFFICIAL, WHO WAS INTERVIEWED ON THE
CONDITION THAT HE NOT BE IDENTIFIED, CONFIRMED THAT THE
USG IS AWARE THAT A DEAL HAS BEEN CONCLUDED. HE SAYS
SECRETARY SHULTZ IS EXPECTED TO MAKE US CONCERNS ABOUT
CHINESE ARMS SALES TO THE MIDDLE EAST A PRINCIPAL ITEM ON
HIS AGENDA.

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MANN REPORTS A SENIOR US OFFICIAL BRIEFING REPORTERS IN
HONG KONG EMPHASIZED THAT "THERE ARE NO DELIVERIES TAKING
PLACE, AND IT DOESN'T APPEAR AT THIS TIME THE MISSILE IS

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READY FOR DELIVERY... YOU HAVE TO DRAW A DISTINCTION
BETWEEN A SALE AND A DELIVERY."

MANN QUOTES ONE US OFFICIAL AS SAYING: "WHAT CHINA IS

DOING COULD LEAD TO A WAR." BUT HE ADDS ANOTHER US
OFFICIAL DISAGREED, WHILE ADDING THAT THE INTRODUCTION OF
MISSILES INTO THE MIDDLE EAST COULD CREATE PROBLEMS OF
CRISIS MANAGEMENT, WITH ONE POSSIBLE CRISIS BEING AN
ATTEMPTED AIR STRIKE AGAINST THE MIDDLE. HE SAYS SHULTZ
AND OTHER US OFFICIALS HAVE BECOME INCREASINGLY CRITICAL
OF CHINA FOR ITS ARMS SALES POLICIES. IN BANGKOK LAST
WEEK, HE POINTS OUT, SHULTZ TOOK THE "EXTRAORDINARY" STEP
OF PUBLICLY COMPLAINING ABOUT BEIJING'S ARMS SALES.

MANN POINTS OUT THAT WHEN ASKED AT A NEWS CONFERENCE IN
BANGKOK LAST WEEK ABOUT PROPOSALS FOR A NUCLEAR-FREE ZONE
IN THE PACIFIC, SECRETARY SHULTZ EXPLAINED THE OFFICIAL
US POLICY AND THE IMPORTANCE OF NUCLEAR DETERRENTS. HE
THEN NOTED, ACCORDING TO MANN, WHAT HE CALLED THE IRONY
THAT JUST WHEN THE US AND THE USSR HAVE SIGNED A TREATY
ELIMINATING A CLASS OF INTERMEDIATE-RANGE NUCLEAR
MISSILES, THE CHINESE HAVE BEGUN TO SELL SUCH MISSILES.

— WASHINGTON TIMES' NEILAN (BEIJING) SUGGESTS THAT
CHINA'S INCREASING ACTIVITY AS AN ARMS SALESMAN
UNDERLINES THE INTENTION OF CHINA'S MILITARY TO RETAIN
POWER IN THE NATION'S INTERNAL POLITICAL STRUCTURE. THE
ARMS SALES ISSUE, HE SAYS, TOPS SECRETARY SHULTZ'S AGENDA
IN BEIJING, WHERE HE IS EXPECTED TO MEET WITH DENG
XIAOPING, ZHAO ZIYANG, LI PENG AND QIAN QICHEN.

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ACCORDING TO NEILAN, WHEN DENG ORDERED THE DEMOBILIZATION
OF 1 MILLION PLA SOLDIERS, MANY ANALYSTS THOUGHT THE
PLA'S ROLE IN CHINA'S FUTURE WOULD BE DIMINISHED. BUT,
HE ADDS, DENG UNDERSTANDS THE MILITARY IS HIS TRUMP CARD
AND KNOWS THAT OLD-LINE GENERALS TO WHOM HE OWES SUPPORT
WANT A PIECE OF THE MODERNIZATION ACTION. HE SAYS THAT A
VISITOR NEED LOOK NO FURTHER THAN BEIJING'S MOST MODERN
SKYSCRAPER, THE "CITIC" BUILDING, TO FIND THE NERVE
CENTER OF CHINA'S WORLDWIDE ARMS SALES NETWORK BACKED BY
THE PLA. HE NOTES THAT ON A LOWER FLOOR OF THE BUILDING
ARE THE OFFICES OF "POLY TECHNOLOGIES," A THINLY
DISGUISED OVERSEAS SALES AND PROCUREMENT CHANNEL OF THE
PLA'S GENERAL STAFF HEADQUARTERS.

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NEILAN REPORTS THAT WHILE THEIR NAMES AREN'T ON THE DOOR, THE 3 TOP OFFICERS OF THE COMPANY SUGGEST WHY THEY HAVE SO MUCH CLOUT. HE REPORTS THE CHIEF IS HE PING, SON-IN-LAW OF DENG. A LEADING DEPUTY, HE POINTS OUT, IS WANG ZHIHUA, SON-IN-LAW OF ZHAO ZIYANG. THE THIRD, HE SAYS, IS WANG XIAOCHAO, WHO IS MARRIED TO THE DAUGHTER OF THE CHINESE PRESIDENT.

NEILAN POINTS OUT THAT WHILE THE MILITARY IS LISTED AS LAST AMONG THE 4 MODERNIZATIONS, IT HAS EMERGED AS A STRONG PRODUCER OF FOREIGN EXCHANGE THROUGH ARMS SALES. HE SAYS THAT AP REPORTED FROM HONG KONG THAT A DOS SOURCE SAID THE CHINESE ALREADY HAVE SOLD CSS-2 INTERMEDIATE-RANGE MISSILES TO SAUDI ARABIA AND MAY BE MARKETING IN THE MIDDLE EAST ANOTHER MISSILE STILL BEING TESTED IN CHINA. HE QUOTES THE OFFICIAL, WHO SPOKE TO AP ON THE CONDITION OF ANONYMITY, AS SAYING: "THE BALLISTIC MISSILES... ARE BEING INTRODUCED INTO ONE OF THE MOST VOLATILE AREAS OF THE WORLD. THEY (CHINESE) HAVE

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INTRODUCED A NEW WEAPONS SYSTEM THAT HAD NOT BEEN IN THE MIDDLE EAST BEFORE."

ACCORDING TO NEILAN, ISRAELI OFFICIALS HAVE BEEN QUOTED AS SAYING THE CHINESE MAY BE SELLING M-9 MISSILES TO SYRIA. HE SAYS THE DOS SOURCE TOLD AP THAT CHINA DENIES THIS AND SAYS THE CSS-2 SALES TO SAUDI ARABIA WERE NON-NUCLEAR. HE COMMENTS THAT WHILE THE SECRETARY ARGUES CHINA IS DESTABILIZING THE WORLD, DENG AND HIS COLLEAGUES MIGHT AS WELL BE WEARING "I LOVE PROLIFERATION" T-SHIRTS. HE CONCLUDES BY STATING THAT CHINA, LED BY "POLY TECHNOLOGIES" AND "CHINA NORTH INDUSTRIES," HAS SOLD OVER 6 BILLION DOLLARS IN ARMS TO THE THIRD WORLD SINCE 1984.

-- WALL STREET JOURNAL'S IGNATIUS (BEIJING) OPENS BY COMMENTING IN A "FOREIGN INSIGHT" PIECE THAT SECRETARY SHULTZ'S LAST VISIT TO BEIJING WAS MARRED BY THE "FURNITURE FIASCO." HE SAYS THAT DURING THE 3/87 TRIP SECRET SERVICE MEN, SUSPECTING BUGGING DEVICES IN AN ANTIQUE TABLE IN THE SECRETARY'S ROOM, DISMANTLED IT AND FOUND NOTHING. ACCORDING TO PEOPLE FAMILIAR WITH THE INCIDENT, HE REPORTS, THE US LEFT THE CHINESE WITH A "USELESS HEAP OF PARTS." HE REPORTS THE CHINESE, INCENSED AT THE INCIDENT, PRESENTED THE US DELEGATION

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WITH A WHOPPING BILL. HE SAYS IT ILLUSTRATES THE SUSPICION AND IRRITATION THAT PERSISTS BETWEEN CHINA AND THE US.

IGNATIUS OBSERVES THAT THE 2 SIDES CONTINUE TO DISAGREE, SOMETIMES STRONGLY AND IN PUBLIC, ON FUNDAMENTAL BILATERAL AND INTERNATIONAL ISSUES. DURING THIS TRIP, HE NOTES, THE SECRETARY IS EXPECTED TO "GRILL" CHINESE LEADERS ON A RANGE OF SENSITIVE TOPICS, INCLUDING CHINA'S SUPPORT FOR THE KHMER ROUGE IN CAMBODIA AND BEIJING'S ARMS SALES TO THE MIDDLE EAST. HE ADDS THAT SHULTZ IS UNCLASSIFIED

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EXPECTED TO RECEIVE AN EARFUL ON US RESTRICTIONS ON EXPORTS OF HIGH-TECHNOLOGY ITEMS.

IGNATIUS QUOTES AMBASSADOR LORD AS SAYING: "CHINA AND THE US ARE FRIENDS, THOUGH NOT ALLIES. WE HAVE PARALLEL POLICIES ON MANY ISSUES, THOUGH ON OTHERS WE HAVE SIGNIFICANT DISAGREEMENTS." IGNATIUS POINTS OUT THE US IS STILL TROUBLED BY CHINA'S CAMBODIA POSITION. THOUGH, HE STATES, CHINESE OFFICIALS PRIVATELY HAVE TOLD THE US THEY OPPOSE A MAJOR ROLE FOR THE KHMER ROUGE OR ITS LEADER, POL POT, IN ANY FUTURE GOVERNMENT. ACCORDING TO IGNATIUS, BEIJING HAS TOLD WASHINGTON THAT THEY PREFER TO SEE A "NON-SOCIALIST" GOVERNMENT, HEADED BY PRINCE SIHANOUK. HE REPORTS THE CHINESE, HOWEVER, CONTINUE TO ARM THE KHMER ROUGE, ACCORDING TO INTELLIGENCE SOURCES.

SHULTZ HOPES TO GET CHINA'S ASSURANCE THAT IT WILL DO WHAT IT CAN TO ENSURE THAT THE KHMER ROUGE DON'T RETURN TO POWER, IGNATIUS REPORTS BUT, HE ADDS, WHILE BEIJING MIGHT DO SO IN PRIVATE, NO ONE EXPECTS A PUBLIC STATEMENT TO THAT EFFECT. HE SAYS THE CHINESE VIEW THE KHMER ROUGE AS THE MOST EFFECTIVE MEANS FOR PRESSURING VIETNAM TO WITHDRAW FROM CAMBODIA. BEIJING AND WASHINGTON, HE STATES, NOW SEEM HOPEFUL OF RESOLVING THE ISSUE, DIPLOMATS IN BEIJING POINT OUT, IF VIETNAM WITHDRAWS, THERE MIGHT BE A SINO-SOVIET SUMMIT, SOMETHING WHICH WASHINGTON FAVORS, ACCORDING TO IGNATIUS.

ON ARMS SALES, IGNATIUS SAYS, US PROTESTS ABOUT SILKWORM MISSILE SALES TO THE MIDDLE EAST LED WASHINGTON TO SUSPEND PLANS TO LIBERALIZE HIGH-TECHNOLOGY SALES TO CHINA LAST OCTOBER. NOW, IGNATIUS POINTS OUT, AMERICANS ARE TROUBLED BY RECENT DISCLOSURES THAT CHINA HAS BEEN UNCLASSIFIED

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SELLING SAUDI ARABIA INTERMEDIATE-RANGE MISSILES THAT CAN BE EQUIPPED WITH NUCLEAR WARHEADS.

-- REUTER'S DINMORE (BEIJING) REPORTS CHINA'S WEAPONS SALES IN THE MIDDLE EAST COULD JEOPARDIZE FURTHER RELAXATIONS OF HIGH-TECH EXPORTS TO CHINA BY THE WEST, A SENIOR US OFFICIAL SAID ON THURSDAY. HE AND OTHERS SAID THAT SECRETARY SHULTZ, IN TALKS ON THURSDAY AND FRIDAY, WILL TRY TO PERSUADE CHINESE LEADERS THAT FURTHER SALES ARE NOT IN BEIJING'S INTEREST, HE SAYS.

SHORTLY AFTER ARRIVING IN BEIJING, THE SECRETARY MET WITH CHINESE FOREIGN MINISTER QIAN AT THE STATE GUEST HOUSE, DINMORE NOTES. DETAILS OF THE TALKS, HE SAYS, WERE NOT IMMEDIATELY AVAILABLE. ACCORDING TO DINMORE, THE SECRETARY IS EXPECTED TO MEET WITH DENG XIAOPING AND LI PENG ON FRIDAY. HE REPORTS THAT DIPLOMATS SAID WASHINGTON COULD USE THE RELAXATION OF HIGH-TECH

RESTRICTIONS TO MAKE CHINA REIN IN ITS ARMS SALES.

DINMORE REPORTS THAT WHEN ASKED TO COMMENT ON SIHANOUK'S RESIGNATION, A CHINESE SPOKESMAN SAID CHINA HAD ALWAYS RESPECTED SIHANOUK AND DID NOT INTERFERE WITH HIS ACTIONS.

-- REUTER'S GIACOMO (BEIJING) REPORTS CHINESE LEADERS TOLD SECRETARY SHULTZ THURSDAY THAT THEY WOULD CONSIDER A US PROPOSAL TO HOLD TALKS ON CURBING THE SPREAD OF BALLISTIC MISSILES, ACCORDING TO A SENIOR US OFFICIAL. THE CHINESE ASSURED SHULTZ "THEY HAVE SOLD (BALLISTIC) MISSILES ONLY TO SAUDI ARABIA AND THAT THEY WOULD THINK ABOUT OUR PROPOSAL TO GO INTO THIS (ISSUE) IN GREATER DEPTH," SHE QUOTES THE OFFICIAL AS SAYING.

ACCORDING TO GIACOMO, IN MORE THAN 3 HOURS OF TALKS WITH FOREIGN MINISTER QIAN AND LATER AT DINNER SHULTZ RAISED
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US CONCERNS ABOUT THE SPREAD OF BALLISTIC MISSILES, ESPECIALLY IN THE MIDEAST.

"THE DEVELOPING WORLD IS INCREASINGLY BURDENED BY THIS

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FLOW OF ADVANCED WEAPONRY. THE INTERNATIONAL COMMUNITY AS A WHOLE MUST FIND WAYS TO STANCH THIS ARMS TRAFFIC," GIACOMO QUOTES SHULTZ AS SAYING AT A DINNER HOSTED BY QIAN IN THE GREAT HALL OF THE PEOPLE. WHILE THE SECRETARY DID NOT MENTION CHINA SPECIFICALLY, IT WAS CLEAR HIS PAST STATEMENTS AND THOSE FROM HIS AIDES OF WHAT HE MEANT, SHE STATES.

GIACOMO REPORTS THE SECRETARY ALSO PROMISED TO "DO OUR BEST TO KEEP THE FLOWS OF ADVANCED TECHNOLOGY ABROAD AS UNCONSTRAINED AS POSSIBLE."

GIACOMO QUOTES THE SENIOR US OFFICIAL AS SAYING QIAN STRESSED CHINA'S POLICY OF SELLING ONLY ARMS THAT WOULD BE USED FOR SELF-DEFENSE AND WHICH WOULD NOT THREATEN REGIONAL STABILITY.

GIACOMO REPORTS THE OFFICIAL ALSO STATED THAT THE CHINESE TOLD SHULTZ THERE WERE INDICATIONS SENIOR KHMER ROUGE LEADERS, APPARENTLY INCLUDING POL POT, WOULD RETIRE IN CONNECTION WITH A NEGOTIATED WITHDRAWAL OF VIETNAMESE TROOPS FROM CAMBODIA. REGARDING AN INTERNATIONAL PEACEKEEPING FORCE, AS CALLED FOR BY THE ASEAN COUNTRIES, SHE NOTES THE OFFICIAL SAID THE CHINESE TOLD THE SECRETARY THEY CAN "SEE A ROLE FOR INTERNATIONAL SUPERVISORS (BUT), LIKE US, THEY DON'T KNOW WHAT FORM THAT MIGHT TAKE. THEY SAID THEY COULD AGREE TO WHAT EVER THE PARTIES (TO THE CONFLICT) MIGHT SUPPORT."

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REGARDING KOREA, GIACOMO REPORTS, THE OFFICIAL SAID SHULTZ AND QIAN AGREED THAT INCREASED CONTACTS BETWEEN NORTH AND SOUTH KOREA COULD EASE TENSIONS. "SHULTZ SAID WE SEE SOME POSSIBILITY OF DIPLOMATIC MOVEMENT" ON THIS MATTER BECAUSE OF ROH TAE WOO'S NEW 6-POINT PLAN FOR STUDENT AND FAMILY EXCHANGES, INCREASED TRADE, AND NEW CONTACTS WITH NORTH KOREA IN INTERNATIONAL FORA, SHE QUOTES THE OFFICIAL AS SAYING. SHE REPORTS SHULTZ BELIEVES NORTH KOREA SHOULD RESPOND POSITIVELY TO ROH'S PROPOSAL BECAUSE THE MONTHS PRECEDING THE OLYMPICS PROVE AN "APPROPRIATE TIME TO CREATE A BETTER ATMOSPHERE" BETWEEN THE 2 KOREA, ACCORDING TO THE OFFICIAL.

GIACOMO ALSO REPORTS THAT SHULTZ AND QIAN, IN THEIR DINNER TOASTS, SAID US-SINO RELATIONS HAD GREATLY IMPROVED, DESPITE SOME UPS AND DOWNS, AND WOULD CONTINUE

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TO STRENGTHEN REGARDLESS OF WHICH PARTY WINS THE US
PRESIDENTIAL ELECTION IN NOVEMBER.

2. PHILIPPINES

-- THE WASHINGTON POST'S MCALLISTER AND MARCUS REPORT THAT THE REAGAN ADMINISTRATION ACKNOWLEDGED WEDNESDAY THAT, BECAUSE OF POSSIBLE FOREIGN POLICY IMPLICATIONS, IT HAS DIRECTED THE JUSTICE DEPARTMENT TO ALLOW THE WHITE HOUSE TO REVIEW ANY PROPOSED INDICTMENT OF MARCOS. THEY SAY MARCOS, WHO HAS DENIED ANY WRONGDOING, HAS BEEN UNDER INVESTIGATION BY A FEDERAL GRAND JURY IN NEW YORK FOR HIS REAL ESTATE DEALINGS THERE AND OTHER ACTIVITIES.

MCALLISTER AND MARCUS QUOTE DOJ SOURCES AS SAYING WEDNESDAY THAT US ATTORNEY RUDOLPH GIULIANI IN MANHATTAN HAD FORWARDED A DRAFT INDICTMENT OF MARCOS TO WASHINGTON FOR REVIEW BY THE DEPARTMENT'S CRIMINAL DIVISION AND SENIOR OFFICIALS ALONG WITH A REVISED VERSION TO ANSWER DEPARTMENTAL CRITICISM. HOWEVER, THEY ADD, THE SOURCES UNCLASSIFIED

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SAID THE CASE HAS BECOME EMBROILED IN A DISPUTE BETWEEN LAWYERS IN WASHINGTON, WHO HAVE QUESTIONED WHETHER THE CASE MERITS INDICTMENT, AND THOSE IN GIULIANI'S OFFICE, WHO ARE URGING THAT IT GO FORWARD. THEY REPORT OFFICIALS IN WASHINGTON HAVE RAISED QUESTIONS ABOUT THE WISDOM OF SEEKING AN INDICTMENT OF A FORMER FOREIGN LEADER FOR ACTS THAT HE ALLEGEDLY COMMITTED BEFORE BEING INVITED TO ENTER THE US.

MCALLISTER AND MARCUS REPORT THE SOURCES SAID DOJ LAWYERS IN WASHINGTON HAVE NOT YET MADE A RECOMMENDATION ON WHETHER TO PROCEED WITH A REVISED INDICTMENT. THEY ADD

GIULIANI WEDNESDAY SAID HE COULD NOT COMMENT ON THE "INTERNAL PROCESS."

MCALLISTER AND MARCUS REPORT WHITE HOUSE SPOKESMAN FITZWATER SAID WEDNESDAY THAT THE ADMINISTRATION DIRECTIVE WAS MADE AFTER THE INDICTMENT EARLIER THIS YEAR OF PANAMA'S NORIEGA AND DID NOT REPRESENT A WHITE HOUSE EFFORT TO VETO ANY PROPOSED MARCOS INDICTMENT. THEY NOTE FITZWATER SAID THE PROPOSAL WAS MADE TO "STRENGTHEN" AN INFORMAL PROCESS UNDER WHICH THE JUSTICE DEPARTMENT HAS TYPICALLY INFORMED THE NSC STAFF ABOUT POSSIBLE INDICTMENTS OF FOREIGN FIGURES.

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ACCORDING TO MCALLISTER AND MARCUS, FITZWATER SAID THE NEW POLICY IS DESIGNED TO ENSURE THAT THE NSC IS FULLY BRIEFED ON ANY PENDING INDICTMENT. "THIS IS A MATTER THAT HAS FOREIGN POLICY IMPLICATIONS," THEY REPORT FITZWATER SAID OF THE MARCOS INVESTIGATION; "WE WANT TO REVIEW IT FOR THAT REASON, AND WE CERTAINLY WOULD MAKE OUR VIEWS KNOWN TO THE JUSTICE DEPARTMENT." THEY ADD UNCLASSIFIED

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FITZWATER SAID THE ADMINISTRATION WANTS TO REVIEW ANY PROPOSED INDICTMENT BECAUSE IT HAD "GIVEN CERTAIN ASSURANCES" TO MARCOS WHEN HE FLED HAWAII IN 1986. THEY REPORT HE ALSO SAID THAT ALTHOUGH MARCOS IS OUT OF OFFICE, HE "STILL HAS INFLUENCES AND CONTACTS IN THAT PART OF THE WORLD. SO THERE ARE ANY NUMBER OF FOREIGN POLICY ISSUES THAT NEED TO BE CONSIDERED."

MCALLISTER AND MARCUS REPORT DOJ OFFICIALS INVOLVED IN THE MARCOS INVESTIGATION HAVE CONSISTENTLY SAID THEY WOULD SEEK WHITE HOUSE APPROVAL BEFORE SEEKING ANY INDICTMENT.

— AP (7/13) REPORTS FITZWATER SAID WEDNESDAY THAT THE WHITE HOUSE HAS ASKED TO BE CONSULTED BEFORE ANY ATTEMPT BY THE JUSTICE DEPARTMENT TO OBTAIN AN INDICTMENT OF MARCOS. IT NOTES HE ADDED, HOWEVER, THAT HE COULD NOT CONFIRM A REPORT THAT US ATTORNEY RUDOLPH GIULIANI RECOMMENDED AN INDICTMENT OF MARCOS AND IMELDA IN CONNECTION WITH THEIR NEW YORK REAL ESTATE HOLDINGS. "WE HAVE TOLD THE JUSTICE DEPARTMENT THAT BEFORE ANY INDICTMENTS ARE ISSUED, THE WHITE HOUSE DOES WANT TO REVIEW THE MATTER." IT QUOTES FITZWATER AS SAYING. IT NOTES HE ADDED THAT THERE WAS NOTHING IRREGULAR OR UNUSUAL ABOUT THE PRACTICE OF GIVING THE WHITE HOUSE SOME CONSULTATION BEFORE SEEKING AN INDICTMENT WHICH COULD HAVE FOREIGN POLICY OVERTONES OR CONSEQUENCES, THOUGH HE ADDED THAT THE WHITE HOUSE DOES NOT HAVE "VETO POWER" OVER A DOJ DECISION TO SEEK AN INDICTMENT.

"THIS IS A MATTER THAT HAS FOREIGN POLICY IMPLICATIONS. WE WANT TO REVIEW IT FOR THAT REASON, AND WE CERTAINLY WOULD MAKE OUR VIEWS KNOWN TO THE JUSTICE DEPARTMENT," AP QUOTES FITZWATER AS SAYING. IT SAYS THE WHITE HOUSE SPOKESMAN DID NOT SPECIFY WHY THE WHITE HOUSE THOUGHT AN INDICTMENT OF MARCOS WOULD BE SENSITIVE, BUT HE DID SAY: UNCLASSIFIED

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"IT IS A MATTER THAT, AS YOU KNOW, THE CIRCUMSTANCES IN WHICH HE LEFT THE PHILIPPINES, THAT HE HAS BEEN GIVEN ASSURANCES BY THE US IN REGARD TO THAT DEPARTURE. AND HE ALSO STILL HAS INFLUENCES AND CONTACTS IN THAT PART OF THE WORLD, SO THERE ARE ANY NUMBER OF FOREIGN POLICY ISSUES THAT NEED TO BE CONSIDERED."

AP ADDS THAT FITZWATER, ASKED WHETHER MARCOS HAD BEEN ASSURED BY US OFFICIALS THAT HE WOULD NOT BE INDICTED IN THE US WHEN HE FLED THE PHILIPPINES, REPLIED: "I DON'T KNOW WHAT ASSURANCES HE WAS GIVEN."

AP REPORTS FITZWATER TOLD A REPORTER THAT ONE REASON THE WHITE HOUSE IS SEEKING CONSULTATIONS WITH DOJ IS THAT PRESIDENT REAGAN AND TOP OFFICIALS WERE BLINDSIDED BY THE INDICTMENT OF NORIEGA.

3. CAMBODIA/INDONESIA/VIETNAM

-- REUTER (WASHINGTON POST, NY TIMES, BOSTON GLOBE), UPI (PHILADELPHIA INQUIRER), THE CHICAGO TRIBUNE, THE WASHINGTON TIMES (ALL BANGKOK), AND THE WALL STREET JOURNAL (ALL 7/12) NOTE SIHANOUK'S RESIGNATION NOTE THE PRINCE'S SUDDEN RESIGNATION AS THE HEAD OF THE CAMBODIAN RESISTANCE COALITION.

-- REUTER (7/11) REPORTS THE US SAID MONDAY THAT IT EXPECTS THE PRINCE WOULD CONTINUE TO PLAY A LEADING ROLE IN THE SEARCH FOR A CAMBODIAN SETTLEMENT, DESPITE HIS RESIGNATION. IT QUOTES DOS SPOKESMAN OAKLEY AS SAYING: "GIVEN THE INTERNATIONAL PRESTIGE OF PRINCE SIHANOUK AND HIS WIDESPREAD POPULARITY AMONG CAMBODIANS INSIDE THE COUNTRY AND ELSEWHERE, WE BELIEVE HE WILL
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CONTINUE TO PLAY A LEADING ROLE IN THE STRUGGLE FOR A FREE AND INDEPENDENT CAMBODIA. WE BELIEVE HIS LEADERSHIP REPRESENTS THE BEST PROSPECT FOR A SUCCESSFUL RESOLUTION OF THE CAMBODIAN ISSUE AND A STABLE POST-SETTLEMENT GOVERNMENT IN CAMBODIA."

-- AP, UPI, AFP, REUTER (ALL 7/12), AND THE WASHINGTON

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TIMES (7/13) (ALL PARIS) REPORT SIHANOUK, ARRIVING IN
FRANCE, TUESDAY CHARGED THAT THE KHMER ROUGE HAD STARTED
KILLING FELLOW RESISTANCE FIGHTERS.

ACCORDING TO AP, THE PRINCE SAID HE RESIGNED AS PRESIDENT
OF THE RESISTANCE COALITION BECAUSE OF ASSAULTS ON HIS
FORCES BY HIS SUPPOSED ALLIES IN THE KR. "THE KHMER
ROUGE HAVE TAKEN ADVANTAGE OF THE WITHDRAWAL OF
VIETNAMESE FORCES WEST OF THE MEKONG RIVER TO STEP UP
ATTACKS AND AMBUSHES AGAINST THE SIHANOUKIST NATIONAL
ARMY. IN THE LAST FEW DAYS I HAVE LOST QUITE A FEW
SOLDIERS AND OFFICERS. THE KHMER ROUGE WANT NOW TO
LIQUIDATE SIHANOUKISM," IT QUOTES HIM AS SAYING

AP REPORTS THE PRINCE ALSO CRITICIZED BACKERS OF THE
COALITION "WHO FAVOR THE KHMER ROUGE OUTRAGEOUSLY IN
THEIR DISTRIBUTION OF ARMS." WHILE SIHANOUK DID NOT
SPECIFY ABOUT WHOM HE WAS SPEAKING, THE KR'S MAIN
SUPPLIER AND SUPPORTER IS CHINA, IT NOTES.

AP ADDS SIHANOUK SAID HIS DECISION TO STEP DOWN THIS TIME
IS "IRREVOCABLE." IT ALSO REPORTS THAT HE CALLED ON
FRANCE, THE US, AND OTHER COUNTRIES TO TAKE STEPS TO
PREVENT "THE RETURN OF POL-POTISM IN ALL ITS HORROR" TO
CAMBODIA, AND HE COMPLAINED THAT "CERTAIN SPONSORS OF THE
COALITION CONTINUE TO EXPLOIT THE SIHANOUK NAME TO PERMIT
THE KHMER ROUGE TO SEIZE POWER."

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AP SAYS SIHANOUK ALSO STATED THAT HE WOULD NOT ATTEND THE
PEACE TALKS IN INDONESIA SCHEDULED TO BEGIN JULY 25 AND
THAT HIS SON RANARIDDH WOULD REPLACE HIM AT THE TALKS.

-- UPI SAYS THE PRINCE CHARGED THAT KR IS MOVING TO
"LIQUIDATE" HIS FORCES IN A BID TO CONSOLIDATE CONTROL AS
THE VIETNAMESE WITHDRAW FROM CAMBODIA. ACCORDING TO UPI,
WHILE SAYING HE WOULD NOT TAKE PART IN THE JAKARTA TALKS,
SIHANOUK LEFT OPEN THE POSSIBILITY THAT HE WOULD TAKE
SOME ROLE IF CIRCUMSTANCES CHANGED TO HIS LIKING.

UPI REPORTS SIHANOUK ALSO CITED A NEWSPAPER ARTICLE
PUBLISHED IN BANGKOK AS PART OF WHAT HE SAID WAS A
"CAMPAIGN OF CALUMNY" AGAINST HIM AS THE LAST STRAW.

-- REUTER QUOTES HIM AS SAYING: "I HAVE DECIDED

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IRREVOCABLY TO RESIGN. THE KHMER ROUGE MUST BE STOPPED
FROM REGAINING POWER, OTHERWISE WE RISK A RETURN TO THE
DAYS OF POL POT IN ALL THEIR HORROR...I AM COUNTING ON
EUROPE, THE US, AND JAPAN TO STOP THEM."

— REUTER (JAKARTA 7/12) REPORTS THE INDONESIAN FOREIGN
MINISTRY SAID TUESDAY THAT JAKARTA IS GOING AHEAD WITH

PLANS FOR TALKS ON CAMBODIA LATER THIS MONTH, DESPITE
SIHANOUK'S RESIGNATION. "THERE HAS BEEN NO CHANGE IN OUR
PLANS WHATSOEVER," IT REPORTS FOREIGN MINISTER ALI ALATAS
SAID THROUGH A SPOKESMAN.

— REUTER (FERE-EN-TARDENOIS, FRANCE 7/12) REPORTS AIDES
TO SIHANOUK SAID TUESDAY THAT THE PRINCE HAS REJECTED A
CALL FOR TALKS ON CAMBODIA FROM PHNOM PENH'S HUN SEN. IT
ALSO QUOTES THE AIDES AS SAYING SIHANOUK RESIGNED AS HEAD
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OF THE RESISTANCE COALITION TO "FORCE THE HAND" OF THE
OTHER OPPOSITION GROUPS AND HANOI.

-- REUTER (FERE-EN-TARDENOIS 7/13) REPORTS AIDES TO
SIHANOUK SAYING THE PRINCE IS SEEKING TO REIMPOSE HIS
AUTHORITY AS HEAD OF THE ANTI-VIETNAMESE FORCES WITH A
SERIES OF SURPRISE MOVES. "THE PRINCE HAS ACTED TO FORCE
THE HANDS OF OTHER PARTIES INVOLVED. HE WANTS IT
CONFIRMED THAT HE IS STILL NEEDED TO FIGHT FOR A FREE
CAMBODIA," IT QUOTES ONE AIDE AS SAYING.

— REUTER (HAVANA 7/13) REPORTS CUBA'S COMMUNIST PARTY
NEWSPAPER "GRANMA" SAID WEDNESDAY THAT HENG SAMRIN WILL
PAY AN OFFICIAL VISIT TO CUBA SOON. IT SAYS CUBA HAS
FRIENDLY TIES WITH THE VIETNAMESE-BACKED CAMBODIAN REGIME.

— UPI (7/13) REPORTS VIETNAM'S FOREIGN MINISTER THACH
SAID HE INTENDS TO GO TO THE JAKARTA MEETING FOR
CAMBODIAN PEACE TALKS. BUT HE WILL WAIT AND SEE IF THE
MEETING FOLLOWS THE AGREED FORMAT BEFORE PARTICIPATING,
ACCORDING TO VNA WEDNESDAY. "VIETNAM AND LAOS WILL GO TO
JAKARTA. BUT WE SHALL WAIT FOR THE ASEAN COUNTRIES'
CONFIRMATION OF THEIR RESPECT FOR THE VIETNAM-INDONESIA
JOINT COMMUNIQUE SIGNED ON JULY 29, 1987. IN THAT CASE,
VIETNAM AND LAOS WILL TAKE PART IN THE SECOND PHASE OF
THE COCKTAIL PARTY. IF NOT, VIETNAM AND LAOS WILL NOT
ATTEND." IT REPORTS THACH TOLD VNA.

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UPI REPORTS THACH WAS ALSO QUOTED BY VNA AS WELCOMING SIHANOUK'S RESIGNATION IF IT MEANS "THE TERMINATION OF HIS COOPERATION WITH THE POL POT GENOCIDAL CLIQUE. IF THE RESIGNATION THIS TIME, LIKE PREVIOUS ONES, MEANS HE WOULD AGAIN COOPERATE WITH THE POL POT GENOCIDAL CLIQUE, IT WILL NOT BE GOOD FOR HIM."

MEANWHILE, UPI ADDS, PHNOM PENH'S OFFICIAL SPK NEWS
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AGENCY SAID PHNOM PENH "WILL SEND ITS REPRESENTATIVES TO ATTEND THIS COCKTAIL PARTY IF (ASEAN) GOES BY THE CLASUES AGREED ON...IN HO CHI MINH CITY."

4. VIETNAM/MIA'S

-- THE WASHINGTON POST (BANGKOK), THE LA TIMES, AND THE BALTIMORE SUN REPORT 25 SETS OF REMAINS BELIEVED TO BE THOSE OF AMERICANS WERE TURNED OVER TO THE US BY VIETNAM WEDNESDAY IN A SIMPLE CEREMONY AT HANOI'S AIRPORT. THE POST QUOTES THE US EMBASSY IN BANGKOK AS SAYING: "THE US GOVERNMENT APPRECIATES THE INITIATIVE TAKEN BY VIETNAM TO REPATRIATE THESE REMAINS AND HOPES IT REPRESENTS JUST ONE OF MANY CONTINUED STEPS TO RESOLVE THIS LONGSTANDING HUMANITARIAN PROBLEM."

5. VIETNAM/THAILAND/REFUGEES

-- REUTER (BANGKOK) REPORTS A SENIOR THAI OFFICIAL SAID THURSDAY THAT VIETNAM, IN A MAJOR POLICY CHANGE, HAS SAID IT IS WILLING IN PRINCIPLE TO TAKE BACK VIETNAMESE BOAT PEOPLE TURNED DOWN BY RESETTLEMENT COUNTRIES. IT SAYS THE NEW VIETNAMESE APPROACH, REVEALED IN MEETINGS WITH UN OFFICIALS, WILL BE A KEY ELEMENT OF TALKS IN BANGKOK NEXT WEEK INVOLVING ASIAN COUNTRIES WHERE THE BOAT PEOPLE LAND AND THE UNHCR.

"VIETNAM TOLD THE UNHCR IT WAS READY TO TAKE BACK THE REFUGEES (NOT ACCEPTED FOR RESETTLEMENT IN 3RD COUNTRIES) AND ASKED THE UNHCR TO ARRANGE DETAILS OF A REPATRIATION PROGRAM," IT QUOTES THE THAI OFFICIAL AS SAYING. IT ADDS HE SAID THAILAND WELCOMES VIETNAM'S APPROACH, CALLING IT "A POSITIVE AND ENCOURAGING DEVELOPMENT IN VIETNAM'S
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ATTITUDE."

6. KOREA

-- REUTER (SEOUL) REPORTS THAT PRESIDENT ROH ON THURSDAY VETOED OPPOSITION BILLS THAT WOULD HAVE OBLIGED CHUN DOO HWAN TO ANSWER IN PARLIAMENT FOR ALLEGED ABUSES DURING HIS RULE. A PRESIDENTIAL SPOKESMAN SAID. IT ADDS THAT, DESPITE FEARS OF A POLITICAL CRISIS, ROH ACCEPTED A CABINET RECOMMENDATION THAT THE BILLS BE RETURNED TO PARLIAMENT FOR REVISION BEFORE BECOMING LAW. REUTER POINTS OUT THE ROKG REGARDS THE BILLS AS UNCONSTITUTIONAL. IT NOTES THAT ROH SAID THE BILLS ENCROACHED UPON THE JUDICIARY'S CONSTITUTIONAL RIGHTS IN REGARD TO DETENTION AND VIOLATED THE MAIN DEMOCRATIC PRINCIPLE OF THE WILL OF THE MAJORITY.

ACCORDING TO REUTER, ROH HOPES THAT BY SENDING THE BILLS BACK TO THE ASSEMBLY, THE RULING AND OPPOSITION PARTIES CAN COME UP WITH A COMPROMISE. IT QUOTES A PRESIDENTIAL

SPOKESMAN AS STATING: "PRESIDENT ROH APPROVED THE CABINET'S RECOMMENDATIONS TO VETO THE BILLS AND SIGNED A DOCUMENT ASKING PARLIAMENT TO REVIEW THE BILLS."

7. JAPAN

-- REUTER (TOKYO) REPORTS JAPAN SAID ON THURSDAY IT WAS VERY UNHAPPY WITH A REVISED TRADE REFORM BILL PASSED BY THE US HOUSE OF REPRESENTATIVES AND CALLED ON THE REAGAN ADMINISTRATION TO ENSURE IT NEVER BECOMES LAW. IT QUOTES FOREIGN MINISTER UNO AS SAYING IN A STATEMENT: "I HOPE THAT THE REAGAN ADMINISTRATION WILL DECISIVELY FIGHT AGAINST PROTECTIONISM AND PREVENT THE ENACTMENT OF THE BILL."

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REUTER ADDS THAT MITI, WHICH ALSO EXPRESSED STRONG DISSATISFACTION WITH THE SWEEPING MEASURES, SAID IN A STATEMENT: "THE MINISTRY REGRETS THAT THE TRADE BILL WAS APPROVED WITHOUT REVISIONS IN THE PROBLEMATIC CLAUSE. ALTHOUGH THE AMENDED BILL IS BETTER THAN THE ORIGINAL, IT STILL CONTAINS SUCH MEASURES AS THE STEPPING-UP OF TRADE LAW 301 PROVISIONS AND SANCTIONS AGAINST FOREIGN

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COMPANIES INVOLVING VIOLATION OF COCOM RULES.

REUTER NOTES THAT JOICHI AOI, "TOSHIBA CORP" PRESIDENT, SAID IN A STATEMENT THAT HE REGRETTED THAT A CLAUSE IN THE BILL WHICH WOULD RETALIATE AGAINST HIS COMPANY WAS PASSED WITHOUT AMENDMENT. AOI SAID IT WAS UNFAIR, REUTER NOTES, FOR THE US TO TAKE RETALIATORY ACTION AGAINST A COMPANY IN A FOREIGN COUNTRY FOR BREAKING COCOM RULES.

-- THE WASHINGTON POST SAYS THAT JAPAN, WITH 157 OF THE 500 LARGEST FOREIGN COMPANIES. LAST YEAR EXPANDED ITS DOMINANCE OF THE INDUSTRIAL WORLD OUTSIDE THE US BY ADDING 5 MORE COMPANIES TO FORTUNE MAGAZINE'S INTERNATIONAL 500 LIST.

-- THE JOURNAL OF COMMERCE (TOKYO) SAYS THAT JAPAN AND THE US HAVE REACHED A BROAD AGREEMENT FOR THE LIBERALIZATION OF JAPANESE IMPORTS OF 12 FARM PRODUCTS, GOJ SOURCES SAID WEDNESDAY. IT ADDS THEY ALSO HAVE AGREED TO LIBERALIZE SOME MILK PRODUCTS AND CUT TARIFFS ON THEM AS COMPENSATION. PENDING THE LIBERALIZATION OF EVAPORATED MILK AND CREAM.

-- REUTER (JOURNAL OF COMMERCE TOKYO) REPORTS, ACCORDING TO TOKYO ECONOMISTS. JAPAN'S POSITION ON THE DOLLAR IS LOOKING INCREASINGLY LIKE AN ATTEMPT TO HELP VICE
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PRESIDENT BUSH WIN THE WHITE HOUSE. IT QUOTES BILL

STERLING OF "MERRILL LYNCH, JAPAN" AS STATING: "MANY JAPANESE FEEL THE DEMOCRATS ARE MORE THREATENING AS FAR AS PROTECTIONISM IS CONCERNED "

REUTER ALSO QUOTES KEIKICHI HONDA, CHIEF ECONOMIST AT THE BANK OF TOKYO, AS SAYING "JAPANESE DON'T KNOW WHAT TO EXPECT FROM A DEMOCRATIC US PRESIDENT. THEY FEAR A DEMOCRAT SPELLS PROTECTIONIST TRADE POLICIES WHICH WOULD BE AIMED AT JAPAN...THIS IS A POLITICAL MARKET. THE DOLLAR SHOULD LOOK STRONG TO ORDINARY AMERICAN VOTERS."

REUTER REPORTS THAT THE BANK OF JAPAN HAS STOOD IDLE IN RECENT WEEKS WHILE MOST OTHER CENTRAL BANKS, INCLUDING THE FEDERAL RESERVE, REPEATEDLY INTERVENED TO STEM THE DOLLAR'S RISE.

8. JAPAN/CHINA

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-- JOURNAL OF COMMERCE (TOKYO) REPORTS THAT JAPAN'S TRADE WITH CHINA WILL PROBABLY GO INTO DEFICIT THIS YEAR AFTER 5 YEARS OF SURPLUSES, A MITI OFFICIAL SAID ON WEDNESDAY.

9. CHINA

-- REUTER'S O'NEILL (BEIJING) REPORTS CHINA ORDERED AIRLINE OFFICES ON THURSDAY TO GIVE TICKETS TO FOREIGNERS AND OVERSEAS CHINESE FIRST AS PAPERS REPORTED CHAOS IN THE TOURIST INDUSTRY WITH THOUSANDS OF STRANDED TRAVELERS. HE NOTES THAT "PEOPLE'S DAILY" PRINTED THE ORDER FROM THE STATE COUNCIL. HE ADDS THE ORDER ALSO STATED THAT FROM 7/20 AIR FARES FOR ALL GRADES OF PASSENGERS ON CHINA'S 56 MOST POPULAR ROUTES WOULD BE THE SAME. PREVIOUSLY, HE NOTES, FOREIGNERS HAD BEEN PAYING 2 TIMES THE PRICE CHINESE PAID.

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-- WALL STREET JOURNAL'S IGNATIUS (KETOU VILLAGE, CHINA) REPORTS CHINA'S BIRTHRATE IS RISING AGAIN DESPITE A POLICY OF 1-CHILD FAMILIES. OFFICIALS, HE ADDS, FEARING A SETBACK TO THE MODERNIZATION DRIVE, ARE ADOPTING HARSHER PENALTIES FOR COUPLES WHO DISOBEY THE REGULATIONS. HE REPORTS THAT DRACONIAN MEASURES, INCLUDING "VOLUNTARY" MASS STERILIZATIONS, HAS LED THOUSANDS OF PEASANTS TO MURDER THEIR NEW-BORN GIRLS. HE SAYS THAT CHINA'S ECONOMIC POLICIES ARE PARTLY TO BLAME. THEY HAVE INCREASED THE INCOMES OF THE RURAL POPULATION AND THUS ENABLE PEASANTS TO PAY FINES AND PRODUCE CHILDREN.

IGNATIUS QUOTES THAT "GUANGMING DAILY" AS WARNING:

"CHINA'S POPULATION CONTROL IS ALMOST OUT OF CONTROL AGAIN." IN 1963, HE NOTES A PEAK OF 30 MILLION BABIES WERE BORN. TODAY, HE POINTS OUT, THOSE BABIES ARE HAVING CHILDREN THEMSELVES, CONTRIBUTING TO THE NEW SURGE. HE REPORTS THE CURRENT CYCLE ISN'T EXPECTED TO PEAK UNTIL 1995, AND SOME INTERNATIONAL DEMOGRAPHERS WARN CHINA MAY SEE SIMILAR BOOMS EVERY 20 YEARS OR SO.

-- DALLAS MORNING NEWS (JOURNAL OF COMMERCE BEIJING) SAYS THE "OPEN DOOR" IS THE SYMBOL OF CHINA'S FAR-REACHING DRIVE TO MODERNIZE THE ECONOMY WITH NON-COMMUNIST REFORMS AS INCENTIVES, MARKET COMPETITION AND BORROWING THE

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CAPITALISTS' KNOW-HOW. BY ALL ACCOUNTS, IT SAYS, THE REFORMS HAVE PEPPED UP CHINA'S ECONOMY, AND THE COUNTRY'S LIVING STANDARDS HAVE IMPROVED. HE QUOTES LIU SENG KUN, VICE CHAIRMAN OF THE STANDING COMMITTEE OF THE TIANJIN PEOPLE'S CONGRESS AS SAYING: "THE ECONOMY HAS IMPROVED A
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GREAT DEAL, BUT WE STILL HAVE A LOT TO LEARN ABOUT HOW WE SHOULD CARRY OUT THE REFORM."

-- REUTER (BEIJING) SAYS THAT AN AMERICAN LAWYER WHO WAS ACCUSED BY CHINA OF SPYING IN 1986 HAS BEEN TOLD HE WAS FREE TO RETURN AFTER THE INTERCESSION OF ATTORNEY GENERAL EDWIN MEESE IN 1987, DIPLOMATS SAID ON THURSDAY. EDWARD MCNALLY, WHO TAUGHT LAW AT BEIJING UNIVERSITY, CAN RETURN TO CHINA WITHOUT FEAR OF PROSECUTION, IT REPORTS. IT QUOTES MCNALLY AS SAYING: "OBVIOUSLY I'M THRILLED TO LEARN THAT MY GOOD STANDING AS A FRIEND OF THE CHINESE PEOPLE HAS BEEN RESTORED." IT ADDS THAT HE PLANS TO VISIT CHINA LATER THIS YEAR.

10. TAIWAN

-- REUTER'S CHEN (TAIPEI) REPORTS TAIWAN HAS TEMPORARILY SUSPENDED BUYING US PRECIOUS METALS AFTER WASHINGTON DESCRIBED THE PURCHASES AS A STRATEGY TO REDUCE ARTIFICIALLY TAIPEI'S HUGE TRADE SURPLUS WITH THE US. ACCORDING TO CENTRAL BANK GOVERNOR CHANG CHI CHENG, IT NOTES, TAIWAN HAS STOPPED THE PURCHASES, BUT US CRITICISM IS UNFAIR BECAUSE TAIWAN HAD REMOVED GOLD AND SILVER FROM FOREIGN EXCHANGE CONTROLS IN 1987 AND NOW REGARDS THE PRECIOUS METALS AS COMMODITIES INSTEAD OF RESERVES.

COMMENT AND ANALYSIS

11. TAIWAN

-- CHRISTIAN SCIENCE MONITOR'S TYSON (TAIPEI) SUGGESTS TAIWAN'S OPPOSITION NEEDS A NEW RALLYING CRY, SINCE

RECENT REFORMS BY THE KUOMINTANG (KMT) HAVE OVERTAKEN THE CALL FOR BASIC RIGHTS. HE NOTES THAT THE OPPOSITION IN TAIWAN, AFTER DECADES OF SUPPRESSION, HAS MADE THE KMT
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PARTIALLY FREE THE PRESS, RELEASE HUNDREDS OF POLITICAL PRISONERS, DROP A BAN ON RIVAL PARTIES, CONDONE TRAVEL TO THE MAINLAND AND END MARTIAL LAW.

TYSON SAYS THAT ITS GROWING PAINS REFLECT THE EVOLUTION OF CHINESE POLITICAL CULTURE ON TAIWAN. HE QUOTES ANTONIO CHIANG, A LEADING TAIWAN POLITICAL PUNDIT, AS SAYING A POLITICAL "OPPOSITION IS A VERY NEW CONCEPT IN CHINESE POLITICAL TRADITION. IT USUALLY CONNOTES REVOLUTION, OR BETRAYAL, OR TREASON -- IT HAS NOTHING TO DO WITH A LOYAL OPPOSITION AS IN WESTERN COUNTRIES"; THEREFORE, "THE OPPOSITION MOVEMENT IN TAIWAN IS A MIXTURE OF THE WESTERN LOYAL OPPOSITION AND THE TRADITIONAL CHINESE CONCEPT OF THE REVOLUTIONARY PARTY," HE SAID.

TYSON POINTS OUT THAT, ALONG WITH OBSTACLES FUSED BY CULTURE AND PERSONALITY, THE OPPOSITION CONFRONTS 2 LONGSTANDING FRUSTRATIONS: THE POLITICAL TIMIDITY OF TAIWAN'S MIDDLE CLASS AND THE RULING PARTY'S POLITICAL JUGGERNAUT. HE QUOTES DPP SPOKESMAN LU HSIU YI AS SAYING: "MANY PEOPLE IN THE MIDDLE CLASS SUPPORT US, THEY GIVE US MONEY AND COME TO OUR RALLIES, BUT THEY'RE UNWILLING TO JOIN OUR MEMBERSHIP BECAUSE THE MANY YEARS OF POLITICAL REPRESSION HAVE LEFT THEM SCARED."

ACCORDING TO TYSON, DPP AND LABOR PARTY SPOKESMEN SAY THEY WILL RALLY ISLANDERS TO BUILD A WELFARE SYSTEM, RELAX CONTROLS ON VISITS TO THE MAINLAND. RESTRAIN HEAVY-HANDED SURVEILLANCE OF POLITICAL DISSIDENTS BY THE TAIWAN SECURITY POLICE. AND OUTLAW INTIMIDATION OF LABOR UNIONS. HE COMMENTS THAT THE CAUSES THAT DRIVE THE OPPOSITION ALSO THREATEN TO TEAR IT APART. LABOR PARTY UNCLASSIFIED

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FOUNDERS SPLIT LAST YEAR FROM THE DPP. DENYING THE LARGER DISSIDENT PARTY AN EXCLUSIVE CLAIM AS DEFENDER OF WORKERS. THE BREAK-AWAY, ACCORDING TO TYSON, IS ONE SIGN OF THE RISKS FACING THE DPP AS IT LURES A SPECTRUM OF INTEREST GROUPS WHILE TRYING NOT TO COMPROMISE ITS IDENTITY. WHITEHEAD

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*** Current Classification *** UNCLASSIFIED
*** Current Handling Restrictions *** n/a

<<<**** OASYS DOCUMENT HEADER ****>>>

DOC_NBR= 88STATE211973

FILM= P880085-0086, D880563-0121

DATE= 01 JUL 88

TYPE= TE

FROM= STATE

DRAFTER= EAP/P:STAFF:JMP

OFFICE= ORIGIN EAP

TO= EAP POSTS
PARIS
SHANGHAI
MULTIPLE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= UNCLASSIFIED

ORIGPCCLASS= n/a

EO= N/A

SUBJECT= JUNE 30 EAP PRESS SUMMARY

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= TEXT ON MICROFILM ONLY

LOCATOR= TEXT ON-LINE, ON MICROFILM.

ERRORS= N/A

CONCEPTS= TEXT ON MICROFILM ONLY, PRESS SUMMARY

TAGS= OPRC, XE, US.

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RP-10 USIE-00 SP-02 SR-06 /072 R

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E.O. 12356: N/A

TAGS: OPRC, XE, US

SUBJECT: JUNE 30 EAP PRESS SUMMARY

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1. CAMBODIA/VIETNAM

-- REUTER (6/29) REPORTS 10 MEMBERS OF CONGRESS WEDNESDAY
CALLED FOR A US EFFORT TO PREVENT THE RETURN OF THE KHMER

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ROUGE TO POWER IN CAMBODIA. IN A RESOLUTION INTRODUCED IN THE SENATE AND HOUSE, IT STATES, THEY ALSO CALLED FOR CONSIDERATION OF AN INTERNATIONAL PEACEKEEPING FORCE TO HELP SUPERVISE THE WITHDRAWAL OF VIETNAMESE TROOPS FROM CAMBODIA AND FREE ELECTIONS.

REUTER SAYS THE RESOLUTION DECLARES THAT "THE US, IN COOPERATION WITH THE INTERNATIONAL COMMUNITY, SHOULD USE ALL MEANS AVAILABLE TO PREVENT A RETURN TO POWER OF POL POT, THE TOP ECHELON OF THE KHMER ROUGE, AND THEIR ARMED FORCES." IT ADDS THE RESOLUTION SAYS THAT DURING POL POT'S RULE THE CAMBODIAN PEOPLE HAD BEEN VICTIMS OF "GENOCIDE, ENSLAVEMENT, STARVATION, AND OTHER DELIBERATE ACTS OF CRUELTY" THAT HAD COST A MILLION LIVES. IT REPORTS THE RESOLUTION URGES OTHER NATIONS TO STOP ARMING THE KR AND PREVENT ACCUMULATION OF WEAPONS THAT COULD THREATEN A LEGITIMATE GOVERNMENT OF CAMBODIA.

REUTER NOTES THE RESOLUTION WAS SPONSORED BY A BIPARTISAN GROUP OF SENATORS AND HOUSE MEMBERS, INCLUDING SEN KENNEDY (D-MASS) AND REP COEHLO (D-CALIF).

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-- REUTER'S DE RIENZO (PHNOM PENH). AP, AND UPI'S WEDEL (BOTH HO CHI MINH CITY) REPORT VIETNAM THURSDAY ANNOUNCED A WITHDRAWAL OF ITS HIGH COMMAND FROM CAMBODIA.

DE RIENZO CALLS THE MOVE A MAJOR STEP BY HANOI TO WIND DOWN ITS 9-YEAR OCCUPATION OF CAMBODIA. HE SAYS LT GEN LE NGOC HIEN AND ABOUT 300 MEMBERS OF HIS CAMBODIAN COMMAND BOARDED VIETNAMESE PLANES AND HELICOPTERS AT POCHENTHONG AIRPORT AND DEPARTED FOR VIETNAM, ACCORDING TO WITNESSES. HE NOTES VIETNAM HAS SAID IT WILL WITHDRAW THIS YEAR HALF OF WHAT IT SAYS ARE ITS 100,000 TROOPS IN CAMBODIA, AND THE REMAINDER BY 1990. COMMAND OF VIETNAMESE SOLDIERS LEFT IN CAMBODIA NOW PASSES OFFICIALLY TO PHNOM PENH, HE STATES.

DE RIENZO SUGGESTS THE DEPARTURE OF HANOI'S HIGH COMMAND IS LIKELY TO BE SEEN AS A DEMONSTRATION OF VIETNAM'S CONFIDENCE IN THE ABILITY OF THE PRO-HANOI GOVERNMENT OF HUN SEN TO RESIST THE GUERRILLA COALITION FIGHTING IT.

DE RIENZO QUOTES A VIETNAMESE OFFICIAL AS SAYING THAT VIETNAMESE CIVILIAN ADVISORS TO THE PHNOM PENH GOVERNMENT WILL BE REMOVED BY THE END OF THE YEAR, ALTHOUGH SOME

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EXPERTS IN PARTICULAR CIVILIAN AND MILITARY FIELDS WOULD BE SENT BACK TO CAMBODIA ON TEMPORARY ASSIGNMENTS.

ON WEDNESDAY, DE RIENZO ADDS, HUN SEN SAID ABOUT 1/4 OF THE 50,000 VIETNAMESE TROOPS SLATED TO LEAVE CAMBODIA THIS YEAR HAD ALREADY GONE.

-- AP NOTES THE VIETNAMESE ANNOUNCED THE WITHDRAWAL OF THEIR HIGH COMMAND FROM CAMBODIA AND, FOR THE FIRST TIME, IT ADDS, VIETNAMESE OFFICIALS DISCLOSED THEIR CASUALTIES
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IN THE WAR, SAYING 55,000 VIETNAMESE SOLDIERS HAVE BEEN KILLED SINCE 1977, WHEN VIETNAM BEGAN CLASHING WITH THE POL POT REGIME.

AP QUOTES VIETNAMESE OFFICIALS AS SAYING THE LATEST MOVE COMPLETES THE TRANSFER OF THE MILITARY COMMAND TO PHNOM PENH. IT REPORTS LT GEN LE KHA PHIEU, DEPUTY COMMANDER OF VIETNAMESE FORCES IN CAMBODIA, TOLD A NEWS CONFERENCE IN HO CHI MINH CITY: "WE THINK THE CAMBODIAN ARMED FORCES CAN SHOULDER THEIR RESPONSIBILITY THEMSELVES." IT NOTES PHIEU SAID ABOUT 13,000 VIETNAMESE SOLDIERS HAVE ALREADY RETURNED HOME THIS YEAR. IN DISCUSSING VIETNAMESE CASUALTIES, IT ADDS, PHIEU SAID 30,000 VIETNAMESE DIED IN BORDER CLASHES IN 1977-78 WITH THE KHMER ROUGE, AND ABOUT 25,000 VIETNAMESE TROOPS DIED IN CAMBODIA SINCE THE 1978 INVASION. HE SAID. IT REPORTS HE ALSO SAID THAT VIETNAMESE FORCES IN CAMBODIA HAVE BEEN TAKING FEWER CASUALTIES IN RECENT YEARS, INDICATING THAT THE GUERRILLA FORCES WERE BECOMING WEAKER. HE SAID THIS YEAR AND LAST ONLY 500 VIETNAMESE WERE KILLED IN CAMBODIA, WHILE ANOTHER 2500 WERE WOUNDED.

AP REPORTS PHIEU SAID THE KR "REMAIN A FORCE IN CAMBODIA, BUT ARE IN DECLINE BECAUSE THEY RECEIVE NO SUPPORT FROM THE KAMPUCHEAN PEOPLE."

MEANWHILE, AP ADDS, UN SPECIAL ENVOY RAFEE UDDIN AHMED WAS TO ARRIVE IN PHNOM PENH THURSDAY FOR TALKS WITH HUN SEN ON SETTLING THE CAMBODIAN ISSUE. IT WOULD BE THE FIRST TIME FOR A UN ENVOY TO HOLD FORMAL TALKS ON THE ISSUE WITH THE PHNOM PENH GOVERNMENT, WHICH THE UN DOES NOT RECOGNIZE. IT NOTES: INSTEAD THE UN RECOGNIZES THE TRIPARTITE COALITION HEADED BY PRINCE SIHANOUK, IT POINTS OUT.

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IN BANGKOK, AP ADDS, EAP ASSISTANT SECRETARY GASTON SIGUR
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SAID IN A TV BROADCAST THAT THE US WILL NOT ACCEPT A
RETURN TO POWER BY THE KR AND THAT THE US SUPPORTS
EFFORTS BY SIHANOUK TO RESOLVE THE CAMBODIAN CONFLICT.
IT SAYS THE BROADCAST WAS ORGANIZED BY USIA AS A PREVIEW
OF SECRETARY SHULTZ'S JULY VISIT TO ASIA.

2. CAMBODIA

-- REUTER (PHNOM PENH) SAYS THE PHNOM PENH REGIME HAS
RELEASED US CITIZEN STERLING BRIAN BONO AFTER HE SERVED
13 MONTHS IN JAIL FOR ENTERING THE COUNTRY ILLEGALLY. IT
REPORTS THAT THE 35-YEAR-OLD VIETNAM WAR VETERAN FROM LAS
ANIMAS, COLORADO APPEARED CONFUSED WHEN HE SPOKE TO
REPORTERS IN PHNOM PENH THURSDAY. IT SAYS BONO, BEARDED
AND LONG-HAIRED, SEEMED TO HAVE TROUBLE ANSWERING SIMPLE
QUESTIONS ABOUT HIS BACKGROUND AND RECENT EXPERIENCES,
AND IN SOME CASES HIS ANSWERS WERE INCOHERENT. IT NOTES
HE STATED THAT HE HAD BEEN TREATED "AS WELL AS COULD BE
EXPECTED."

REUTER REPORTS ACQUAINTANCES IN THAILAND HAVE SAID BONO
ENTERED CAMBODIA TO LOOK FOR A FRIEND WHO DISAPPEARED IN
INDOCHINA IN THE 1970'S.

REUTER SAYS BONO WAS RELEASED FROM JAIL LAST WEEK AND HAS
BEEN STAYING AT A COMFORTABLE GUEST HOUSE IN PHNOM PENH
WHILE THE US IS TRYING TO ARRANGE HIS EXIT FROM THE
COUNTRY THROUGH THE INTERNATIONAL RED CROSS. IT QUOTES
AN AID WORKER FAMILIAR WITH THE NEGOTIATIONS AS SAYING
BONO WOULD PROBABLY BE DEPORTED IN THE CUSTODY OF A
RELATIVE NEXT THURSDAY.

3. KOREA UNCLASSIFIED

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-- REUTER (SEOUL) REPORTS POLITICAL PRISONER KIM KEUN-TAE
WAS FREED THURSDAY UNDER A LIMITED AMNESTY AND
IMMEDIATELY PLEDGED TO BEGIN CAMPAIGNING FOR THE RELEASE
OF OTHER DETAINEES. IT SAYS KIM, WHO WAS JAILED FOR 5

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YEARS ON CHARGES THAT HE TRIED TO OVERTHROW THE GOVERNMENT, SHOUTED "FREE ALL PRISONERS OF CONSCIENCE" AS HE LEFT THE PRISON AT KIMCHON, A SOUTHEASTERN TOWN, IT STATES.

REUTER ADDS KIM, RECIPIENT OF THE 1987 ROBERT F KENNEDY HUMAN RIGHTS AWARD, ACCUSED ROH TAE WOO'S GOVERNMENT OF TRYING TO DECEIVE PEOPLE WITH HIS RELEASE. "ROH TAE WOO'S REGIME FREES SOME PEOPLE, THEN JAILS A WHOLE LOT MORE...I AM NOT HAPPY THINKING OF MY COLLEAGUES STILL BEHIND BARS," IT QUOTES KIM AS SAYING.

REUTER REPORTS THE ROKG SAID ONLY 81 POLITICAL DETAINEES REMAIN AFTER THURSDAY'S AMNESTY, WHILE OPPOSITION PARTIES AND HUMAN RIGHTS ACTIVISTS ESTIMATE THERE ARE AT LEAST 400.

-- REUTER (SEOUL) NOTES THAT KIM YOUNG SAM SAID ON THURSDAY HE IS WILLING TO VISIT NORTH KOREA, CHINA AND THE USSR TO IMPROVE RELATIONS WITH COMMUNIST COUNTRIES. IN A SPEECH BEFORE PARLIAMENT, IT ADDS, KIM SAID PRESIDENT ROH WAS STILL TOLERATING "UNDEMOCRATIC... MILITARY POLITICS" AND HARMING THE ROK'S DIPLOMATIC EFFORTS DESPITE HIS COMMITMENT TO ALLOW FULL CIVIL LIBERTIES.

"I INTEND TO VISIT BEIJING AND MOSCOW FOR FRANK DISCUSSIONS WITH RESPONSIBLE AND REAL FORCES TO IMPROVE SOUTH-NORTH RELATIONS AND TO EXTEND THE DIPLOMATIC HORIZON. BY THE SAME TOKEN, I WANT TO VISIT PYONGYANG PERSONALLY TO HELP OPEN A GENUINE NEW CHAPTER TOWARDS UNCLASSIFIED

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NATIONAL RECONCILIATION, IF THIS MOVE WILL HELP BRING NATIONAL REUNIFICATION AND PEACE ON THE KOREAN PENINSULA..." REUTER QUOTES KIM AS SAYING. IT ADDS HE APPEALED TO THE ROKG NOT TO CONSIDER HIS PLANS WITH THE "ARCHAIC LOGIC OF THE COLD WAR" BUT FROM THE VIEWPOINT OF CURRENT HISTORICAL CHANGE.

-- THE WALL STREET JOURNAL'S READ (LOS ANGELES) REPORTS "NORTHROP CORPORATION" SAID ITS CHAIRMAN AND 2 TOP OFFICIALS RECEIVED SUBPOENAS FROM A FEDERAL GRAND JURY IN LOS ANGELES SEEKING INFORMATION ABOUT THE COMPANY'S FINANCIAL DEALINGS IN THE ROK. SHE NOTES THAT ON 6/15 THE JUSTICE DEPARTMENT BEGAN A CRIMINAL INVESTIGATION INTO 7.8 MILLION DOLLARS IN QUESTIONABLE PAYMENTS MADE BY

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NORTHROP BETWEEN 1984-86 TO COMPANIES CONTROLLED BY AN INDIVIDUAL WITH TIES TO HIGH OFFICIALS OF THE ROKG IN AN ATTEMPT TO SELL ITS F-20 AIRCRAFT. SHE ADDS "NORTHROP" HAS FILED SUIT IN KOREA TO RECOVER PART OF ITS PAYMENTS FROM THE FAMILY OF ITS NOW-DECEASED ASSOCIATE, PARK CHONG-KYU, ASSERTING THAT PARK AND OTHERS CONSPIRED TO DEFRAUD "NORTHROP" OF ITS MONEY.

4. KOREA/AUSTRALIA

— JOURNAL OF COMMERCE (SYDNEY) NOTES THAT THE ROKG MAY ANNOUNCE WITHIN 2 WEEKS HOW MUCH BEEF IT WILL IMPORT TO MEET INCREASED NEEDS DURING THE OLYMPIC GAMES, AUSTRALIAN CATTLE INDUSTRY SOURCES SAID WEDNESDAY.

5. AUSTRALIA/NEW ZEALAND

— AP'S GOTTLIEB AND REUTER (BOTH 6/29) REPORT ON THE US-AUSTRALIA TALKS IN WASHINGTON AND CITE COMMENTS AT THE UNCLASSIFIED

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CONCLUDING PRESS CONFERENCE REGARDING NEW ZEALAND.

GOTTLIEB SAYS SHULTZ APPEALED TO NZ WEDNESDAY TO RECONSIDER ITS BAN ON SHIP VISITS AND REJOIN THE ANZUS ALLIANCE. "IT SEEMS TO US THERE MUST BE A FORMULA, IF ONLY NEW ZEALAND WOULD LOOK FOR IT. THAT WOULD MAKE IT POSSIBLE FOR THEM TO COME BACK INTO THE FOLD," HE QUOTES THE SECRETARY AS SAYING. HE ADDS FOREIGN MINISTER HAYDEN STATED: "WE WOULD HOPE THAT THE NEW ZEALANDERS WOULD CHANGE THEIR ATTITUDE AND RE-ENTER THE ALLIANCE." HE NOTES THEIR COMMENTS CAME AT A NEWS CONFERENCE FOLLOWING ANNUAL TALKS BETWEEN THE US AND AUSTRALIAN DEFENSE AND FOREIGN MINISTERS.

GOTTLIEB SAYS NEITHER SIDE HAS BUDGED ON THE SHIP VISIT ISSUE. AND HE QUOTES THE JOINT COMMUNIQUE ISSUED THURSDAY AS REAFFIRMING THE US AND AUSTRALIAN BELIEF THAT "UNIMPEDED ACCESS FOR ALLIED SHIPS AND AIRCRAFT IS ESSENTIAL TO THE FULL EFFECTIVENESS OF THE ANZUS AALLIANCE."

GOTTLIEB ALSO QUOTES SHULTZ AS SAYING: "WE DON'T END THE ANZUS ALLIANCE. WE BOTH SAID IT REMAINS THERE. IT HASN'T BEEN CHANGED. AND NEW ZEALAND HAS KIND OF WITHDRAWN ITSELF. AND ANYTIME NEW ZEALAND WANTS TO COME BACK. THEY ARE MOST WELCOME." HE SAYS THE NEXT

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OPPORTUNITY FOR A DISCUSSION OF THE ISSUE WILL BE IN EARLY JULY WHEN SHULTZ AND REPRESENTATIVES OF NEW ZEALAND WILL BE IN BANGKOK FOR THE ANNUAL ASEAN POST-MINISTERIAL DIALOGUE.

MEANWHILE, GOTTLIEB REPORTS, HAYDEN REAFFIRMED THE GOA'S POLICY OF KEEPING TRADE FRICTIONS BETWEEN THE US AND AUSTRALIA ISOLATED FROM THE 2 NATIONS' COOPERATION ON DEFENSE. HE SAYS SPOKESMEN FOR AUSTRALIA'S UNSUBSIDIZED WHEAT INDUSTRY HAVE URGED THE GOA TO CONSIDER REMOVING UNCLASSIFIED

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THE COUNTRY'S WELCOME MAT FOR US DEFENSE FACILITIES TO PROTEST A US PROGRAM OF SUBSIDIES FOR WHEAT EXPORTS. HE ADDS THAT AUSTRALIA HAS PRESENTED EVIDENCE THAT THE US SUBSIDIES DRIVE AUSTRALIAN WHEAT OUT OF 3RD COUNTRY MARKETS, BUT SHULTZ SAID THE SUBSIDIES ARE NECESSARY TO COMBAT AID GIVEN TO WESTERN EUROPEAN FARMERS.

-- REUTER REPORTS THE US AND AUSTRALIA EXPRESSED THE HOPE WEDNESDAY THAT NZ WOULD RE-ENTER THE ANZUS ALLIANCE AS A FULL MEMBER, BUT SAID IT MUST FIRST CHANGE ITS CONTROVERSIAL NON-NUCLEAR POLICY. IT SAYS SHULTZ INDICATED THAT US SECURITY INTERESTS MEAN THE US CANNOT MEET WELLINGTON'S DEMAND THAT IT STATE WHETHER ITS SHIPS ARE NUCLEAR-ARMED. IT ADDS BOTH SHULTZ AND HAYDEN SAID THEIR COUNTRIES WANT TO END THE DISPUTE. IT NOTES SHULTZ SAID NZ "HAS KIND OF WITHDRAWN FROM IT (ANZUS), AND ANY TIME THEY WANT TO COME BACK THEY ARE MOST WELCOME." IT REPORTS HAYDEN SAID: "WE WOULD HOPE THAT THE NEW ZEALANDERS WOULD CHANGE THEIR ATTITUDE AND RE-ENTER THE ALLIANCE. IN THE MEANTIME, WE OPERATE BILATERALLY...ON THE PRINCIPLES OF THE TREATY."

REUTER NOTES THAT HAYDEN AND DEFENSE MINISTER BEAZLEY WERE IN WASHINGTON FOR TALKS WITH SHULTZ AND CARLUCCI.

REUTER REPORTS THAT THE US AND AUSTRALIA, IN A JOINT COMMUNIQUE, SAID THAT THE USSR IS CONTINUING TO IMPROVE ITS MILITARY CAPABILITIES FOR USE IN THE PACIFIC REGION, AND THEY CALLED ON MOSCOW TO ADOPT POSITIVE, CONSTRUCTIVE POLICIES IN THE PACIFIC. THEY ALSO AGREED TO GUARD AGAINST WHAT THEY CALLED "ANY DESTABILIZING LIBYAN ACTIVITY IN THE REGION." IT NOTES. IT ADDS THEY SAID VIETNAM'S OCCUPATION OF CAMBODIA REMAINS THE PRINCIPAL UNCLASSIFIED

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SOURCE OF TENSION IN SOUTHEAST ASIA, AND THEY URGED THE USSR TO HELP ACHIEVE THE FULL WITHDRAWAL OF VIETNAMESE FORCES AND THE CREATION OF AN INDEPENDENT, NEUTRAL CAMBODIA.

-- KNIGHT-RIDDER'S TOSTO (JOURNAL OF COMMERCE) REPORTS US MEAT IMPORTS RAN AT A RECORD PACE IN THE 1ST HALF OF 1988, AND USDA BY LAW MAY SOON BE FORCED TO IMPOSE QUOTAS OR ASK SOME COUNTRIES TO "VOLUNTARILY" RESTRAIN SHIPMENTS TO THE US BY THE END OF THE YEAR, HE NOTES. HE POINTS OUT THAT, ONLY WEEKS AFTER THE US, IN A HARD-LINE STANCE, FORCED JAPAN TO PHASE OUT ITS IMPORT QUOTAS ON BEEF, IT COULD FIND ITSELF IN THE UNCOMFORTABLE AND SOMEWHAT CONTRADICTIONARY POSITION OF SLAPPING SOME KIND OF CURB ON MEAT ENTERING THE US. HE NOTES THAT IN THE LAST QUARTER OF 1987 THE US ASKED FOR AND RECEIVED IMPORT CURBS FROM AUSTRALIA AND NEW ZEALAND. HE QUOTES CHUCK LEVITT, SENIOR LIVESTOCK ANALYST FOR "SHEARSON LEHMAN HUTTON," AS SAYING THAT, AT THE RATE AUSTRALIA IS EXPORTING BEEF, "IT'S APPARENT THAT BEFORE THE END OF THE YEAR, THEY'LL (THE US) HAVE TO ASK FOR VOLUNTARY RESTRAINTS."

TOSTO SAYS THE MEAT IMPORT LAW HAS NEVER BEEN A FAVORITE WITH THE REAGAN ADMINISTRATION. "AND WITH THE INK BARELY DRY ON THE US-JAPAN QUOTA PACT, IT COULD BE PARTICULARLY EMBARRASING FOR THE US TO RESTRAIN IMPORTS NOW." HE SUGGESTS THAT THE US MIGHT SIMPLY DECLARE A QUOTA AND THEN SUSPEND IT IN THE NEXT BREATH -- A MOVE THAT WOULD ALLOW THE REAGAN ADMINISTRATION TO COMPLY WITH THE LAW AND STILL KEEP IMPORTS FLOWING UNHINDERED.

HOWEVER, TOSTO ADDS, AT LEAST ONE FACTOR COULD FOIL THAT -- THE US DROUGHT. IF THE DROUGHT CONTINUES AND FORCES PRODUCERS TO LIQUIDATE HERDS, BEEF PRICES WOULD REMAIN UNDER PRESSURE, AND THE USG WOULD COME UNDER FIRE FROM TRADE GROUPS AND PROBABLY FROM CONGRESS TO LAY DOWN A

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QUOTA AND KEEP MORE SUPPLY OUT, HE SUGGESTS.

6. AUSTRALIA

-- THE JOURNAL OF COMMERCE'S STOVE (SYDNEY) SAYS THE GOA

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WILL SOON RELAX EXPORT CONTROLS ON DEFENSE EQUIPMENT. HE REPORTS THAT THE MOVE WILL ENABLE A MUCH LARGER RANGE OF EQUIPMENT TO BE EXPORTED TO A GREATER NUMBER OF COUNTRIES. HOWEVER, HE ADDS, THE SALE OF ARMS AND OTHER DEFENSE EQUIPMENT WILL BE BANNED TO A SMALL GROUP OF NATIONS INCLUDING SOUTH AFRICA, IRAN, IRAQ, THE USSR, AND EASTERN BLOC COUNTRIES. ACCORDING TO STOVE, EXPORTS OF AUSTRALIAN-MADE DEFENSE EQUIPMENT ARE ESTIMATED TO RISE TO AT LEAST 400 MILLION DOLLARS WITHIN 5 YEARS FROM THE CURRENT LEVEL OF AROUND 150 MILLION DOLLARS.

7. NEW ZEALAND

-- THE WALL STREET JOURNAL (WELLINGTON) REPORTS PM LANGE SAID THE GONZ, FACED WITH THE PROSPECT OF A GROWING BUDGET DEFICIT, WILL REDUCE SPENDING AND RAISE ADDITIONAL TAX REVENUE. IT NOTES LANGE SAID THE TREASURY ADVISED GOVERNMENT MINISTERS IN MARCH THAT THE BUDGET DEFICIT FOR THE YEAR ENDING MARCH 31 WOULD BE A BILLION NZ DOLLARS (684.5 MILLION DOLLARS), BUT THE FORECAST HAS BEEN RAISED TO 3.2 BILLION NZ DOLLARS. IT REPORTS LANGE SAID REVENUE HAD BEEN OVERESTIMATED AND SPENDING UNDERESTIMATED.

THE JOURNAL SAYS LANGE STATED THAT THE CABINET WILL REVIEW TAXATION OPTIONS AND DECISIONS WILL BE ANNOUNCED IN THE ANNUAL BUDGET STATEMENT DUE IN JULY. IT REPORTS THAT THE OPTIONS ARE THOUGHT TO INCLUDE A CHANGE IN THE PERSONAL TAX STRUCTURE TO A 2-TIER SYSTEM WITH RATES OF UNCLASSIFIED

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24 AND 33 PERCENT FROM THE CURRENT 3-TIER SYSTEM WITH RATES OF 15, 30, AND 48 PERCENT AND AN INCREASE IN THE TAX ON GOODS AND SERVICES FROM ITS CURRENT LEVEL OF 10 PERCENT. MEANWHILE, IT NOTES LANGE SAID, REDUCTIONS IN SPENDING WILL BE MADE THROUGH A "PRODUCTIVITY EXERCISE" IN GOVERNMENT DEPARTMENTS WHICH IS NOT EXPECTED TO CAUSE "ANY LOSS OF OUTPUT FROM THE PUBLIC SECTOR IN TERMS EITHER OF QUALITY OR QUANTITY"

8. PAPUA-NEW GUINEA

-- REUTER (PORT MORESBY) SAYS FINANCE MINISTER GALEVA KWARRA RESIGNED FROM THE GPNG THURSDAY, ACCUSING PM PAIAS WINGTI OF NEPOTISM AND DECEIT. IT REPORTS KWARRA, WHOSE POWER HAD BEEN DIMINISHED BY THE CREATION OF THE NEW POST OF TREASURER, TOLD PARLIAMENT HE DECIDED TO QUIT BECAUSE WINGTI WAS "LEADING THE NATION ON THE PATH TO DISASTER."

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IT NOTES KWARARA ACCUSED WINGTI OF PURSUING A DESTRUCTIVE REGIONAL POLICY, FAVORING HIS FELLOW HIGHLANDERS AND USING THE NATION'S RESOURCES FOR THE EXCLUSIVE BENEFIT OF HIS "CRONIES IN THE HIGHLANDS."

REUTER SAYS WINGTI, WHO HAS YET TO RESPOND IN PARLIAMENT TO KWARARA'S ALLEGATIONS, TOLD REPORTERS: "OH WELL, AT LEAST THAT'S ANOTHER BAD ONE OUT OF THE WAY." HOWEVER, IT STATES, GOVERNMENT OFFICIALS SAID KWARARA'S RESIGNATION, COMING LESS THAN A WEEK AFTER CORRECTION SERVICES MINISTER ALLAN EBU QUIT HIS POST, WAS A MAJOR BLOW TO WINGTI AND COULD LEAD TO MORE DEFECTIONS.

9. NEW CALEDONIA

-- REUTER (6/26), AFP, REUTER, THE LA TIMES' MEISLER, THE NY TIMES' IBRAHIM, THE WASHINGTON TIMES (ALL PARIS), AND THE BALTIMORE SUN (ALL 6/27) REPORT ON A NEW AGREEMENT ON NEW CALEDONIA.

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REUTER SAYS PRO-FRENCH LOYALISTS AND SEPARATIST KANAKS SUNDAY SIGNED AN AGREEMENT ON A NEW STATUE FOR THE SOUTH PACIFIC TERRITORY, MARKING A MAJOR TRIUMPH FOR PM ROCARD'S SOCIALIST GOVERNMENT. IT REPORTS THE ACCORD CLOSELY FOLLOWS THE OUTLINES OF A 9-POINT PLAN ROCARD SUBMITTED TO THE 2 DELEGATIONS LAST WEEK. IT STATES THAT A COPY OF THE PLAN IT OBTAINED CALLS FOR ONE YEAR OF DIRECT RULE BY PARIS, FOLLOWED BY GRANTING OF LIMITED SELF-RULE THROUGH A FEDERATION OF 3 AUTONOMOUS PROVINCES IN THE ISLANDS FOR AN EXPERIMENTAL PERIOD UNTIL 1998. IN THAT YEAR, IT ADDS, A NEW INDEPENDENCE REFERENDUM WOULD BE HELD IN THE TERRITORY

REUTER SAYS THAT WHILE SEPARATISTS IN THE PAST WELCOMED THE IDEA OF A FEDERATION AS A FIRST STEP TOWARD INDEPENDENCE, THE 10-YEAR WAIT FOR ANOTHER REFERENDUM INDICATES A MAJOR CONCESSION BY THE KANAKS, WHO PREVIOUSLY HAD DEMANDED ONE WITHIN 5 YEARS.

-- IBRAHIM ADDS THAT FRANCE ALSO SAID IT WOULD OFFER AN IMMEDIATE PLAN OF ECONOMIC IMPROVEMENT FOR THE TERRITORY. HE ALSO SAYS THAT ROCARD STATED THAT HE WOULD PROPOSE TO MITTERRAND THAT THE FRENCH PEOPLE BE CONSULTED ON THE NEW MEASURES IN A REFERENDUM TO BE HELD SOMETIME THIS FALL. HE REPORTS ROCARD STATED THAT THE

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REPRESENTATIVES OF THE 2 SIDES FROM NEW CALEDONIA WOULD TRY TO RALLY SUPPORT AMONG THEIR CONSTITUENTS FOR THE NEW MEASURES.

-- AFP REPORTS NEW ZEALAND'S FOREIGN MINISTER RUSSELL MARSHALL MONDAY SAID THAT NZ WELCOMES THE ACCORD, CALLING THE ARRANGEMENTS "FORWARD-LOOKING AND EVOLUTIONARY." IT UNCLASSIFIED

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ADDS THAT A SPOKESMAN FOR AUSTRALIA'S FOREIGN MINISTRY ALSO SAID CANBERRA WELCOMES THE AGREEMENT.

-- REUTER (PARIS 6/29) REPORTS FRANCE'S NEW CABINET AGREED WEDNESDAY THAT PARIS SHOULD TEMPORARILY TAKE OVER DIRECT RULE OF NEW CALEDONIA, GIVING ITS DIVIDED COMMUNITIES A YEAR TO COOL OFF. IT SAYS THE CABINET ALSO GAVE ITS SUPPORT TO THE AGREEMENT SIGNED SUNDAY. IF THE CABINET'S RESOLUTIONS ARE APPROVED BY PARLIAMENT NEXT WEEK, NEW CALEDONIA'S ADMINISTRATION WILL BE THE RESPONSIBILITY OF FRANCE'S NEWLY-APPOINTED HIGH COMMISSIONER BERNARD GRASSET, IT SAYS.

10. JAPAN

-- WALL STREET JOURNAL'S HARRIS AND REUTER (TOKYO) REPORT "JAPAN AIR LINES" HAS DECIDED TO BUY 15 BOEING 747-400 JUMBO JETS PROBABLY VALUED AT ABOUT 2 BILLION DOLLARS. REUTER SAYS THE COMPANY WILL TAKE DELIVERY OF THE PLANES NEXT AUGUST.

-- WALL STREET JOURNAL'S KANABAYASHI (TOKYO) REPORTS THAT JAPAN'S MACHINE-TOOL INDUSTRY IS RECOVERING RAPIDLY FROM A 2-YEAR SLUMP BECAUSE OF THE COUNTRY'S SURGING CAPITAL SPENDING. JAPANESE ANALYSTS PREDICT THIS YEAR'S MACHINE TOOL ORDERS WILL FALL JUST SHORT OF THE RECORD 1 TRILLION YEN OF 1985. HE SAYS.

-- CHRISTIAN SCIENCE MONITOR (BRUSSELS) SAYS THAT THE US AND JAPAN ARE EVALUATING THE CHANGES THAT WILL OCCUR WITH THE UNIFYING OF THE EUROPEAN MARKET. IT NOTES THAT MITSUO TAKII OF JAPAN'S EXTERNAL TRADE ORGANIZATION NY OFFICE SAYS THERE IS MODEST BUT GROWING CONCERN IN JAPAN THAT 1992 COULD MAKE EUROPE MORE CLOSED TO JAPANESE EXPORTERS. HE ADDED THAT JAPAN'S CONCERN IS INTENSIFIED BY THE NEW US-CANADA FREE TRADE AGREEMENT, IT SAYS. UNCLASSIFIED

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11. JAPAN/INDONESIA

-- REUTER'S CLIFT (JAKARTA) REPORTS JAPAN MOVED ON THURSDAY TO REASSURE SOUTHEAST ASIA THAT ITS MILITARY BUILD-UP WAS PURELY FOR SELF-DEFENSE AND NO THREAT TO THE REGION. HE SAYS THAT AFTER TALKS WITH PRESIDENT SUHARTO OF INDONESIA, TSUTOMU KAWARA, DIRECTOR-GENERAL OF JAPAN'S DEFENSE AGENCY STATED: "JAPAN WILL NOT BECOME A MILITARY POWER." ACCORDING TO CLIFT, KAWARA DISCUSSED JAPAN'S DEFENSE POLICY WITH SUHARTO AND DEFENSE MINISTER MURDANI. KAWARA, HE ADDS, SAID THE USSR IS STRENGTHENING ITS FORCES IN THE FAR EAST AND IT IS IMPORTANT FOR JAPAN TO HAVE ADEQUATE FORCES FOR ITS OWN DEFENSE. CLIFT QUOTES KAWARA AS SAYING: "IT IS IMPORTANT FOR JAPAN TO BE GIVEN UNDERSTANDING BY NEIGHBORING COUNTRIES ABOUT THIS POLICY."

CLIFT NOTES THAT MURDANI SAID HE UNDERSTOOD THE JAPANESE EXPLANATION OF ITS DEFENSE POLICY. BUT, HE NOTES, MURDANI ADDED THAT JAPANESE SPENDING WAS HIGH, AND BY MOVING ABOVE THE OLD LIMIT OF 1 PERCENT OF GNP, IT WAS NATURALLY A WORRY TO SOME COUNTRIES. CLIFT QUOTES HIM AS SAYING: "SO I TOLD HIM (KAWARA) THAT YOU SHOULD UNDERSTAND THE WORRY BY OTHER COUNTRIES BECAUSE OF THAT INCREASE. BUT WE IN INDONESIA KNOW THAT YOU DO NOT WANT TO BECOME A MILITARY POWER AGAIN. WE UNDERSTAND THE JAPANESE EXPLANATION."

12. SINGAPORE

-- AP (JOURNAL OF COMMERCE SINGAPORE) CITES A US EMBASSY SINGAPORE REPORT SAYING THAT THE CITY-STATE'S ECONOMY UNCLASSIFIED

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WILL PROBABLY MAINTAIN ITS 8 PERCENT ANNUAL GROWTH RATE DESPITE PROBLEMS POSED BY LABOR SHORTAGES. IT SAYS SINGAPORE'S ECONOMY STUMBLED INTO RECESSION IN 1985 AND PARTIALLY RECOVERED WITH A 1.8 PERCENT GROWTH RATE IN 1986. SURGING TO 8.8 PERCENT LAST YEAR. IT STATES THAT DOMESTIC DEMAND, AN INCREASE IN TOURISM, AND THE RECOVERY OF THE ECONOMIES OF NEIGHBORING MALAYSIA AND INDONESIA BOOSTED SINGAPORE'S TRADE AND ECONOMIC GROWTH LAST YEAR,

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ACCORDING TO THE EMBASSY REPORT.

HOWEVER, AP QUOTES THE REPORT AS SAYING: "DESPITE A FAVORABLE DEMAND OUTLOOK FOR SINGAPORE'S GOODS AND SERVICES FOR THE REST OF 1988, PERSISTENT LABOR SHORTAGES ARE CAUSING MANY MANUFACTURERS TO CONSIDER DELAYING NEW INVESTMENT PROJECTS."

13. VIETNAM

- AP (CHICAGO 6/29) REPORTS VIETNAM HAS APPROVED PLANS BY 5 EX-MARINES TO RETURN TO THE COUNTRY TO SEARCH FOR US MINES THAT ARE KILLING UNSUSPECTING CIVILIANS 20 YEARS AFTER THEY WERE PLANTED, ACCORDING TO GENE SPANOS, ONE OF THE ORGANIZERS OF THE PLAN. "INNOCENT PEOPLE ARE BEING KILLED WHO WEREN'T EVEN BORN WHEN THE WAR WAS GOING ON. WE WANT TO GO BACK AND SHOW THEM WE HAVE GOOD WILL," IT QUOTES SPANOS AS SAYING.

AP REPORTS SPANOS STATED THAT LT COL (RET) ROBERT DALTON OF DAVIDSVILLE, MD VISITED HANOI LAST WEEK AND WAS TOLD THE TRIP HAD BEEN APPROVED BY VIETNAM'S FOREIGN MINISTRY. IT ADDS DUONG VANH NGOC AND TRANH DUNG, MEMBERS OF VIETNAM'S UN DELEGATION, SAID THEY ALSO HAVE LEARNED OF HANOI'S APPROVAL BUT HAVE NOT RECEIVED OFFICIAL NOTICE. IT NOTES SPANOS SAID THE TRIP HAS ALREADY RECEIVED AN OK FROM THE STATE DEPARTMENT.

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AP SAYS SPANOS INDICATED THAT AN EAST COAST BUSINESSMAN, WHOM HE WOULD NOT IDENTIFY, HAS AGREED TO FINANCE THE MISSION, ESTIMATED TO COST ABOUT 30,000 DOLLARS. ARMED WITH MARINE MAPS OF MINEFIELDS, THE VETERANS PLAN TO LEAVE JAN 8, IT REPORTS. IT SAYS SPANOS SUPERVISED MINE-LAYING AS AN 18-YEAR-OLD SQUAD LEADER IN 1968 WITH THE 11TH ENGINEERS BATTALION IN THE ZONE BETWEEN WHAT WAS THEN SOUTH AND NORTH VIETNAM. IT RELATES THAT IN SEPTEMBER, WHILE AT A REUNION OF THOSE HE SERVED WITH, SPANOS LEARNED THAT THOUSANDS OF VIETNAMESE HAVE BEEN KILLED BY WANDERING INTO LIVE MINES OVER THE PAST SEVERAL YEARS.

"FOUR GUYS WERE WOUNDED JUST PLANTING THE MINES. ONE KID LOST A FOOT RIGHT IN FRONT OF ME. THAT'S THE KIND OF THING THAT STAYS WITH YOU." AP QUOTES SPANOS AS SAYING. IT QUOTES JOE BANGERT, A NATIONAL DIRECTOR OF TH "VIETNAM

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VETERANS OF AMERICA." AS SAYING THAT 56,000 VIETNAMESE HAVE BEEN KILLED BY EXPLODING MUNITIONS SINCE THE WAR ENDED IN 1975.

BESIDES DALTON AND SPANOS, OTHERS GOING ON THE TRIP ARE FRANK NOE OF STROUGHTON, MASS; JAMES PACKER OF JAMAICA PLAINS, MASS; AND NATE GENNA OF ROXBURY, MASS, AP REPORTS.

SPANOS SAID HIS GROUP PLANS TO STAY IN VIETNAM FOR 10 DAYS AND HOPE TO VISIT HANOI, AP NOTES.

14. BURMA

-- AFP (BANGKOK 6/29) QUOTES "SOURCES FAMILIAR WITH" BURMA AS SAYING BURMESE AUTHORITIES ARE APPARENTLY CLEARING OUT RANGOON JAILS IN PREPARATION FOR A CRACKDOWN
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FOLLOWING STUDENT UNREST. "BURMA IS ABOUT TO MOVE INTO A PURGE PHASE." IT QUOTES A DIPLOMAT, WHO CITED REPORTS FROM RANGOON, AS SAYING. IT ADDS OTHER "RELIABLE SOURCES" SAID RANGOON'S MAIN JAIL IN THE INSEIN DISTRICT WAS OVERCROWDED ALREADY WITH "THOUSANDS" OF PEOPLE AND THAT SOME WERE BEING SHIFTED TO THARAWADDY JAIL, ABOUT 50 MILES NORTH OF RANGOON.

AFP SAYS THE SOURCES DID NOT SPECIFY IF THE CLEARING OF THE JAILS INVOLVED STUDENTS OR COMMON CRIMINALS OR IF THE PEOPLE WERE BEING RELEASED OUTRIGHT OR MERELY TRANSFERRED.

AFP STATES THAT A WAVE OF STUDENT PROTESTS LAST WEEK LEFT 9 PEOPLE DEAD, ACCORDING TO OFFICIAL FIGURES. ALTHOUGH DIPLOMATS IN BANGKOK SAID 100 PEOPLE COULD HAVE BEEN KILLED IN RANGOON ALONE. IT REPORTS THE DIPLOMATS SAID AS MANY AS 20 POLICEMEN AND TROOPS WERE KILLED THROUGHOUT BURMA. IN ADDITION TO THE TROUBLES IN RANGOON, IT NOTES, RIOTING HAS BEEN REPORTED IN PEGU, MANDALAY, AND TAUNGYI TO THE NORTH, AS WELL AS MOULMEIN IN THE EAST AND BASSEIN IN THE SOUTH.

AFP SAYS REPORTS FROM RANGOON HAVE SAID POLICE WERE SWEEPING AND SEARCHING FOR ANYONE BELIEVED TO HAVE BEEN INVOLVED IN LAST WEEK'S PROTESTS. APPARENTLY DETERMINED TO CRUSH THE NASCENT INDEPENDENT STUDENT MOVEMENT.

AFP ALSO QUOTES "A RELIABLE SOURCE" IN BANGKOK AS SAYING A DAWN-TO-DUSK CURFEW IN RANGOON IS CAUSING PRICES TO

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RISE STEEPLY. "NORMALLY PEOPLE SELL THINGS AT NIGHT IN BURMA OR IN THE EARLY MORNING. NOW, DURING THE FEW HOURS THEY CAN SELL, THERE IS TREMENDOUS COMPETITION, FORCING PRICES UP," IT REPORTS THE SOURCE, WHO CITED THE DIFFICULTIES OF STOCKING MARKETS UNDER CURFEW RESTRICTIONS, AS SAYING.

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15. REFUGEES/THAILAND/INDONESIA/PHILIPPINES

-- AP (BANGKOK 6/24) REPORTS A THAI GOVERNMENT OFFICIAL SAID LAST FRIDAY THAT HE WILL RECOMMEND THAT THE UN LEASE DESERT ISLANDS SO THAT VIETNAMESE BOAT PEOPLE HAVE A PLACE TO LIVE. "THIRTEEN THOUSAND OF THESE ISLANDS ABOUND IN INDONESIA, AND IT IS POSSIBLE THEY CAN BE CONVERTED INTO PROFITABLE FARMING AREAS," IT QUOTES SOMPORN KLINPONGSA, DEPUTY PERMANENT SECRETARY OF THE THAI INTERIOR MNISTRY, AS SAYING. IT REPORTS SOMPORN SAID THE ISLAND RENTALS COULD SOLVE THE PROBLEM OF WHAT TO DO WITH THE INCREASING NUMBER OF VIETNAMESE SEEKING ASYLUM. "WHEN (THE) LEASES EXPIRE, SAY IN 10 YEARS, THE PEOPLE MUST RETURN TO THEIR HOMELAND," SOMPORN ADDED.

AP REPORTS SOMPORN SAID HE WOULD SEEK ENDORSEMENT OF THE PROPOSAL FROM UNHCR JEAN-PIERRE HOCKE AT AN ANNUAL REFUGEE CONFERENCE IN GENEVA BEGINNING WEDNESDAY. IT SAYS SOMPORN ADDED THAT THE "ISLANDS FOR RENT" IDEA GAINED WIDESPREAD ACCEPTANCE DURING A RECENT TOUR HE TOOK OF SOUTHEAST ASIAN NATIONS.

-- REUTER (MANILA 6/29) REPORT 30 VIETNAMESE REFUGEES SAILED TO THE PHILIPPINES WEDNESDAY, BRINGING TO 139 THE NUMBER OF BOAT PEOPLE ARRIVING THERE IN 3 DAYS. IT QUOTES UNHCR REPRESENTATIVE PIERCE GERETY AS SAYING THE BOAT PEOPLE HAD BEEN TAKEN TO A UNHCR PROCESSING CENTER IN PALAWAN. IT REPORTS GERETY ALSO SAID THAT MORE THAN 17,000 INDOCHINA REFUGEES ARE IN THE PHILIPPINES AWAITING RESETTLEMENT IN WESTERN COUNTRIES.

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-- USA TODAY, WITHOUT PROVIDING FURTHER INFORMATION, CITES A PUBLIC SURVEY SHOWING THAT ABOUT 11 PERCENT OF FILIPINOS WANT THE US MILITARY FACILITIES AT CLARK AIR AND SUBIC BAY NAVAL BASES CLOSED IMMEDIATELY.

-- UPI (MANILA) REPORTS DEFENSE SECRETARY RAMOS SAYS HE FAVORS A PHASED WITHDRAWAL OF US MILITARY FORCES AFTER THE BASES AGREEMENT "EXPIRES" IN 1991. HOWEVER, IT ADDS, OPPOSITION SENATOR JUAN PONCE ENRILE SAID THERE WERE INDICATIONS THE AQUINO GOVERNMENT HAD REACHED AGREEMENT TO EXTEND THE BASES PACT WITH WASHINGTON FOR ANOTHER 10 YEARS IN EXCHANGE FOR ANNUAL COMPENSATION OF 500 MILLION DOLLARS. IT SAYS RAMOS AND ENRILE WERE INTERVIEWED SEPARATELY LATE WEDNESDAY IN A TV TALK SHOW HOSTED BY NEWSPAPER COLUMNIST LUIS BELTRAN.

"I THINK WE SHOULD LOOK AT THE BASES IN TERMS OF A PHASE-OUT, A GRADUAL WITHDRAWAL. I THINK THIS EVENTUALLY WILL HAVE TO BE THE POSITION OF ANY SELF-RESPECTING COUNTRY," UPI QUOTES RAMOS AS SAYING. HOWEVER, IT ADDS THE DEFENSE SECRETARY SAID THE DISMANTLING OF THE CLARK AND SUBIC BAY BASES COULD ALTER THE BALANCE OF POWER IN THE REGION AND THAT VITAL WATERWAYS IN SOUTHEAST ASIA, IF "NOT PROPERLY PROTECTED BY OUR ALLIES, COULD BE CHOKED OFF BY AN ENEMY." IT ALSO REPORTS THAT RAMOS DISAGREED WITH FOREIGN SECRETARY MANGLAPUS' VIEW THAT THE BASES DO NOT SERVE PHILIPPINE INTERESTS.

-- REUTER (MANILA) REPORTS UNIDENTIFIED GUNMEN SERIOUSLY WOUNDED A LEADING PHILIPPINE LEFTIST AND KILLED 3 OF HIS BODYGUARDS THURSDAY IN A GUN AND GRENADE AMBUSH ON A MANILA STREET CROWDED WITH RUSH HOUR TRAFFIC. IT SAYS NEMISIO PRUDENTE, 59, WHO SURVIVED A SIMILAR ATTACK LAST NOVEMBER, SUFFERED MULTIPLE GUNSHOT WOUNDS BUT WAS IN STABLE CONDITION, ACCORDING TO A SPOKESMAN AT MANILA'S LOURDES HOSPITAL. IT ADDS THAT AT LEAST 2 PASSERS-BY

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WERE WOUNDED IN THE ATTACK, ABOUT A HALF MILE FROM THE MALACANANG, POLICE SAID. IT STATES THAT PRUDENTE, AN ACADEMIC WHO HAS PLAYED A PROMINENT ROLE IN HUMAN RIGHTS ACTIVITIES, IS REGARDED AS A PERSONAL FRIEND OF AQUINO'S.

REUTER QUOTES WITNESSES AS SAYING THAT ABOUT 6 MEN IN CIVILIAN CLOTHES FIRED AT THE VAN CARRYING PRUDENTE AND A CAR ACCOMPANYING HIM. IT ADDS ONE WITNESS SAID THE

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ATTACKERS WERE USING M-16 AUTOMATIC WEAPONS MOUNTED WITH GRENADE LAUNCHERS AND THAT THEY WERE STATIONED ON BOTH SIDES OF THE ROAD AT THE MOUTH OF AN OVERPASS.

REUTER RECALLS THAT THE ASSASSINATION ATTEMPT ON PRUDENTE LAST NOVEMBER FOLLOWED ACCUSATIONS BY POLICE THAT HE HAD HARBORED COMMUNIST REBELS IN THE POLYTECHNIC UNIVERSITY OF THE PHILIPPINES, OF WHICH HE IS PRESIDENT.

REUTER REPORTS POLICE DEPUTY SUPERINTENDENT COL EDGARDO DULA TORRE SAID AUTHORITIES ARE INVESTIGATING THE LATEST ATTACK, BUT HE DECLINED FURTHER COMMENT "SO AS NOT TO JEOPARDIZE THE CONDUCT OF THE INVESTIGATION." IT NOTES THAT A SPOKESMAN FOR THE LEFTIST "PEOPLE'S PARTY" BLAMED THE AMBUSH ON GOP FORCES. "THE AMBUSH WAS PART OF THE 2ND WAVE OF POLITICAL ASSASSINATIONS BY THE US-AQUINO REGIME AGAINST LEADERS IDENTIFIED WITH NATIONALIST, DEMOCRATIC MOVEMENTS," IT QUOTES PARTY OFFICIAL SONIA SOTTO AS SAYING.

LAST SEPTEMBER, REUTER RECALLS, PROMINENT LEFTIST LEADER

LEANDRO ALEJANDRO WAS KILLED IN AN AMBUSH IN MANILA. ON FRIDAY. IT SAYS, UNIDENTIFIED MEN SHOT DEAD HUMAN RIGHTS LAWYER ALFONSO SURIGAO, A MEMBER OF THE PHILIPPINE UNCLASSIFIED

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CHAPTER OF "AMNESTY INTERNATIONAL," AT HIS HOME ON CEBU -- AN ACT CONDEMNED BY THE "INTERNATIONAL COMMISSION OF JURISTS" IN GENEVA. IT NOTES THAT SURIGAO WAS THE 2ND HUMAN RIGHTS LAWYER MURDERED THIS MONTH IN THE PHILIPPINES. IT STATES THAT AQUINO'S GOVERNMENT HAS BEEN UNDER INCREASING CRITICISM FROM WESTERN HUMAN RIGHTS GROUPS BECAUSE OF THE ACTIVITIES OF RIGHT-WING "DEATH SQUADS" AND CIVILIAN ANTI-COMMUNIST VIGILANTES ACCUSED OF WAGING A CAMPAIGN OF TERROR AGAINST THE LEGAL LEFT.

-- REUTER (MANILA) REPORTS A LAWYER FOR A SWEDEN, A WEST GERMAN, AND A FILIPINO ARRESTED 3 WEEKS AGO FOR ALLEGED REBELLION AND KIDNAPPING TOLD THE PHILIPPINE SUPREME COURT THURSDAY THAT THE CHARGES WERE ABSURD AND THAT THE 3 MEN SHOULD BE FREED. IT NOTES LAWYER EMILIO CAPULONG TOLD THE COURT, HEARING A HABEAS CORPUS PETITION FOR STELLAN HERMANSSON, KLAUS SCHMIDT, AND ANTONIO BOSCH THAT THE MILITARY HAD USED POLICE STATE TACTICS IN ARRESTING THE MEN WITHOUT LEGAL WARRANTS.

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REUTER SAYS THE 3 ARE ACCUSED OF JOINING COMMUNIST REBELS IN KIDNAPPING 2 POLICEMEN AND ATTACKING A TOWN HALL LAST FEBRUARY IN QUEZON PROVINCE. IT NOTES HERMANSSON SAID HE WAS IN SWEDEN AT THE TIME OF THE ATTACK, WHILE BOTH SCHMIDT AND BOSCH SAID THEY WERE IN MANILA. IT REPORTS THE 3 WERE DETAINED BY SOLDIERS ON JUNE 8 IN A VILLAGE ALLEGED TO BE INFLUENCED BY COMMUNIST REBELS. IT SAYS CAPULONG STATED THAT THEY WERE IN THE AREA TO OBSERVE LOCAL CONDITIONS. IT REPORTS THE ARRESTS FOLLOWED MILITARY ACCUSATIONS THAT FOREIGNERS WERE HELPING THE REBELS FIGHT THE GOP.

17. HONG KONG

-- JOURNAL OF COMMERCE'S BANGSBERG (HONG KONG) NOTES THAT THE GOVERNMENT PLANS NEW REGULATIONS TO PROTECT
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COPYRIGHTS ON INTEGRATED CIRCUITS. THE MOVE, HE SAYS, COMES IN THE WAKE OF COMPLAINTS BY MANUFACTURERS THAT CHIP DESIGNS ARE NOT SUFFICIENTLY PROTECTED AND ARE BEING STOLEN BY COMPETITORS OR COPIERS, STATES STEVE BARLCAY, ASST SECRETARY OF TRADE AND INDUSTRY.

18. CHINA/TAIWAN

-- JOURNAL OF COMMERCE (BEIJING) REPORTS ENTREPRENEURS FROM TAIWAN ARE WORKING WITH BEIJING MUNICIPAL OFFICIALS ON 10 PROJECTS WORTH 140 MILLION DOLLARS, XINHUA NEWS AGENCY SAID.

19. CHINA

-- WALL STREET JOURNAL'S IGNATIUS AND UPI (WASHINGTON POST) (BOTH BEIJING) SAY THAT THOUSANDS OF ARMED POLICE LAST WEEK BROKE UP A DEMONSTRATION BY 1,000 PEASANTS PROTESTING A GOVERNMENT DECISION TO RELEASE POLLUTED WATER FROM A RESERVOIR NEAR BEIJING INTO THEIR FIELDS, AN OFFICIAL SAID WEDNESDAY. UPI ADDS THAT ON 6/21, MORE THAN 2,000 ARMED POLICE DRAGGED AN ESTIMATED 1,000 PEASANTS AWAY FROM THE NIUKOUYU RESERVOIR, ABOUT 50 MILES SW OF BEIJING. ACCORDING TO AN OFFICIAL OF THE WATER CONSERVANCY BUREAU.

UPI NOTES THAT A BEIJING CITY GOVERNMENT SPOKESMAN CONFIRMED THE INCIDENT BUT DENIED REPORTS THAT 3 PEASANTS WERE KILLED. IGNATIUS REPORTS THAT SOLDIERS SOME ARMED

WITH CLUBS AND ELECTRIC BATONS. SUPPRESSED THE
DEMONSTRATION WITH POLICE. HE ADDS THAT CHINESE
EYEWITNESSES SAID THE POLICE WERE ESTIMATED AT 6,000 AND
THAT THEY BEAT AND ARRESTED MANY OF THE FARMERS.
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-- AFP (BEIJING 6/29) NOTES THAT AT LEAST 70 MEMBERS OF
THE SECURITY FORCES WERE INJURED LAST WEEK IN CLASHES
WITH ABOUT 1,000 FARMERS NEAR BEIJING, RELIABLE SOURCES
IN BEIJING SAID WEDNESDAY.

-- REUTER (BEIJING) REPORTS "PEOPLE'S DAILY" SAID
THURSDAY THAT MORE THAN 1 MILLION UNREGISTERED CHILDREN
BORN OUTSIDE CHINA'S STRICT 1-CHILD-PER-FAMILY RULES
SUFFER DISCRIMINATION WHICH DEPRIVES MANY OF FOOD
RATIONS, SCHOOLING AND JOBS.

-- REUTER REPORTS ISRAELI DEFENSE MINISTER RABIN SAID ON
THURSDAY THAT SYRIA IS TALKING TO CHINA ABOUT BUYING
MISSILES THAT WOULD EXPAND A MOUNTING MISSILE THREAT IN
THE MIDDLE EAST. IT QUOTES RABIN AS STATING ON NBC'S
"TODAY" PROGRAM: "THERE ARE TALKS BETWEEN THE CHINESE AND
THE SYRIANS ABOUT ADDITIONAL MISSILES TO THOSE THAT THE
SOVIET UNION HAD SUPPLIED TO SYRIA, IRAQ AND LIBYA."

-- REUTER'S KAZER (BEIJING) REPORTS CHINA ON THURSDAY
PUBLISHED A NEW MAGAZINE REPLACING "RED FLAG," KILLED IN
APRIL. "QUISHI," OR "SEEKING TRUTH," WILL BE AVAILABLE
ON FRIDAY, KAZER SAYS. AN ADVANCE COPY, HE NOTES,
MAINTAINS THE SAME GRIM, PICTURELESS FORMAT WITH VERBOSE
ARTICLES BUT IS ENLIVENED WITH CARTOONS AT THE BACK. HE
ADDS THAT CHINESE SOURCES SAID ZHAO ZIYANG HAD SOUGHT THE
DEMISE OF "RED FLAG."

-- REUTER (BEIJING) SAYS THAT THE SECURITY BUSINESS IS
BOOMING AMID INCREASING CRIME AND PILFERING IN CHINA,
WITH PRIVATE GUARDS WATCHING OVER EVERYTHING FROM BANKS
TO WATERMELON STANDS. THE "ECONOMIC DAILY" PAPER SAID.
REUTER REPORTS THE PAPER STATED THAT MORE THAN 100
SECURITY FIRMS WITH OVER 15,000 EMPLOYEES HAD BEEN SET UP
IN THE PAST 3 YEARS.
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-- REUTER'S VILLEGAS (BRASILIA 6/29) NOTES THAT PRESIDENT SARNEY DEPARTS ON THURSDAY FOR A 6-DAY VISIT TO CHINA IN WHICH HE WILL SIGN AN ACCORD FOR A JOINT BRAZILIAN-CHINESE SATELLITE. DURING THE VISIT, HE SAYS, THE 2 GOVERNMENTS WILL SIGN 8 COOPERATION ACCORDS INCLUDING THE ONE AIMED AT BREAKING INTO THE SMALL CIRCLE OF NATIONS WITH ADVANCED SATELLITE TECHNOLOGY. VILLEGAS SAYS THAT SARNEY IS TO HOLD TALKS WITH CHINESE PRESIDENT YANG SHANGKUN AND PREMIER LI PENG.

-- JOURNAL OF COMMERCE (BEIJING) REPORTS THE MINISTRY OF FINANCE ISSUED A PACKAGE OF TAX EXEMPTIONS TO ENCOURAGE FOREIGN INVESTMENT IN CHINA'S COASTAL AREAS, ACCORDING TO "PEOPLE'S DAILY" NEWSPAPER. TAX RATES, IT SAYS, WILL BE CUT 15 PERCENT FOR CERTAIN TECHNOLOGY- OR KNOWLEDGE-INTENSIVE PROJECTS, PROJECTS WITH INVESTMENT OF OVER 30 MILLION DOLLARS OR PROJECTS INVOLVING ENERGY, COMMUNICATIONS AND PORT CONSTRUCTION.

-- JOURNAL OF COMMERCE (BEIJING) SAYS THAT CHINA IS COMPLAINING THAT IT IMPORTS TOO MANY INFERIOR GOODS. THE DIRECTOR OF THE STATE ADMINISTRATION FOR THE INSPECTION OF IMPORT AND EXPORT COMMODITIES TOLD THE XINHUA THIS WEEK THAT HIS DEPARTMENT REJECTED 14.7 PERCENT OF THE SHIPMENTS IT RECEIVED FROM JANUARY THROUGH APRIL BECAUSE OF POOR QUALITY, IT SAYS.

-- WASHINGTON POST'S SOUTHERLAND (BEIJING) REPORTS THAT "PEOPLE'S DAILY" CALLED WEDNESDAY FOR A MAJOR EXPANSION IN PRIVATE ENTERPRISES FOLLOWING THE PUBLICATION OF REGULATIONS DESIGNED TO LEGITIMIZE SUCH OPERATIONS. ACCORDING TO SOUTHERLAND, THE PAPER SAID IN A COMMENTARY UNCLASSIFIED

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THAT. BECAUSE OF THE INFLUENCE OF OLD CONCEPTS, "ULTRA-LEFTIST" IDEAS AND A LACK OF RELEVANT LAWS, THE HEALTHY DEVELOPMENT OF A PRIVATE ECONOMY HAD BEEN HINDERED UNTIL NOW.

FOREIGN OBSERVERS SAID THE REGULATIONS WERE LIKELY TO ENCOURAGE THE GROWTH OF PRIVATE ENTERPRISES AND MARKED A MAJOR DEPARTURE FOR THE CHINESE FROM A SYSTEM THAT IS STILL LARGELY BASED ON CENTRALIZED, SOVIET-STYLE PLANNING. SOUTHERLAND ADDS HE NOTES THAT, ACCORDING TO OFFICIAL FIGURES, ENTERPRISES WITH 8 OR MORE EMPLOYEES

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CURRENTLY EMPLOY 3.6 MILLION WORKERS AND ACCOUNT FOR 20 PERCENT OF THE COUNTRY'S INDUSTRIAL OUTPUT. MORE THAN 20 MILLION OTHER CHINESE WORK FOR ENTERPRISES WITH FEWER THAN 8 EMPLOYEES, WHICH ARE ALSO PRIVATELY OWNED BUT ARE NOT OFFICIALLY DESIGNATED AS SUCH, HE STATES. THEY ACCOUNTED FOR MORE THAN 12 PERCENT OF THE COUNTRY'S TOTAL VOLUME OF RETAIL SALES IN 1987, HE ADDS.

SOUTHERLAND COMMENTS THAT EVEN AT ITS PRESENT LEVEL, CHINA HAS FAR MORE FAMILY OPERATIONS AND PRIVATE ENTERPRISES THAN THE USSR. A WESTERN DIPLOMAT SAID WEDNESDAY THAT THE NEW "TEMPORARY REGULATIONS" FOR PRIVATE ENTERPRISES MARKED AN "IDEOLOGICAL BREATHROUGH" FOR CHINA TOWARD ACCEPTING A PRIVATE ECONOMY, ACCORDING TO SOUTHERLAND. HE ADDS THE DIPLOMAT SAID THAT EVEN IF CHINA COULD REACH A GOAL OF 36 MILLION WORKERS IN OFFICIALLY DESIGNATED PRIVATE ENTERPRISES, AS SUGGESTED IN "PEOPLE'S DAILY," THE PRIVATE SECTOR WOULD LONG REMAIN A "SIDESHOW" COMPARED WITH HUGE STATE-OWNED INDUSTRIES.

COMMENT AND ANALYSES

20. JAPAN

— NY TIMES' CHIRA (TOKYO) SAYS THAT A NEW UNDERCURRENT UNCLASSIFIED

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IS RUNNING THROUGH JAPANESE FEELINGS ABOUT AMERICA -- BORN OF PRIDE IN JAPAN'S NEW MIGHT, RESENTMENT OF AMERICAN PRESSURES ABOUT TRADE AND DEFENSE, AND UNCERTAINTY ABOUT JAPAN'S ROLE IN A WORLD THAT DOES NOT INCLUDE AN ALL-POWERFUL US. SHE STATES THAT IN JAPANESE EYES THE US IS UNABLE TO TAME ITS BUDGET AND FISCAL DEFICITS AND IS EAGER TO BLAME JAPAN FOR PROBLEMS THAT WERE MADE IN AMERICA. CHIRA ADDS THAT WHILE AMERICANS ARE ONLY NOW BEGINNING TO DEBATE WHETHER THEIR NATION IS IN DECLINE, MANY JAPANESE ALREADY TAKE THAT DECLINE FOR GRANTED.

ACCORDING TO CHIRA, AS JAPANESE WRESTLE WITH THE IMPLICATIONS OF THEIR NEW STATUS, THEIR CHANGING VIEWS OF THE US ARE BREEDING WHAT SOME CALL ARROGANCE AND OTHERS DEFEND AS JUSTIFIABLE SELF-ASSERTION. SHE QUOTES KUNIKO INOBUCHI, ASSOCIATE PROFESSOR OF POLITICAL SCIENCE AT SOPHIA UNIVERSITY, AS SAYING, "OTHER COUNTRIES TELL US, 'YOU ARE A BIG BOY NOW,' AND THAT'S NEWS TO US. AFTER DECADES OF BEING TOLD THAT YOU ARE A DEFEATED

IMPOVERISHED NATION -- AND WE BELIEVED IT YOU HAVE TO
ALLOW FOR THE EXCITEMENT OF A COUNTRY THAT HAS RECOVERED
AND BECOME A REAL ECONOMIC POWER. WE ARE IN A TRANSITION
PERIOD, OF SURPRISE, JOY AND BEWILDERMENT ABOUT OUR NEW
SITUATION."

-- REUTER'S SAKAMOTO (TOKYO) REPORTS THAT TAKESHITA IS
LEADING JAPAN INTO AN ERA OF MORE POSITIVE INTERNATIONAL
DIPLOMACY TO BALANCE ITS EMERGENCE AS AN ECONOMIC
SUPERPOWER. HE SAYS THAT OFFICIALS AND POLITICAL
ANALYSTS, WHO HAVE HAD 7 MONTHS TO ASSESS TAKESHITA'S
ADMINISTRATION, NOW RATE HIS DIPLOMATIC RECORD MUCH
HIGHER THAN THEY DID BEFORE.

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SAKAMOTO QUOTES KUNIKO INOUCHI, ASSISTANT PROFESSOR OF
POLITICAL SCIENCE AT SOPHIA UNIVERSITY, AS SAYING:
"UNLIKE HIS PREDECESSOR YASUHIRO NAKASONE, TAKESHITA
DOESN'T SHOUT FOR JAPAN TO BE INTERNATIONALIZED ON
TELEVISION. HE IS A POLITICIAN OF COORDINATION, AND
UNDER HIM PRACTICAL MEASURES BEGAN TO BE IMPLEMENTED."

21. CHINA

--REUTER'S ROCHE (BEIJING) REPORTS CHINA'S TOUGH POLICE
ACTION AGAINST PROTESTING STUDENTS AND PEASANTS IS BASED
ON FEARS OF POLISH-STYLE UNREST AS ECONOMIC REFORMS
CONTINUE, ACCORDING TO WESTERN AND CHINESE OBSERVERS.
THEY SAID THE CHINESE LEADERSHIP WAS SHOWING SIGNS OF
NERVOUSNESS AT A POTENTIAL BREAKDOWN OF PARTY CONTROL, HE
SAYS. ROCHE NOTES THAT OFFICIAL REACTION TO THE RECENT
JUNE PROTESTS APPEARED OUT OF PROPORTION BUT WAS BASED ON
FEARS THAT OTHER GROUPS WOULD IMITATE THE PROTESTERS'
METHODS. ONE WESTERN DIPLOMAT SAID ROCHE QUOTES THE
DIPLOMAT AS SAYING: "STUDENTS MARCHING FOR DEMOCRACY DO
NOT POSE ANY REAL THREAT. BUT IT SETS AN EXAMPLE TO URBAN
WORKERS AND PEASANTS, AND THEY HAVE THEIR OWN GRIEVANCES."

ROCHE REPORTS THAT A WELL-INFORMED CHINESE SOURCE SAID A
MEETING OF SENIOR POLICE OFFICERS IN BEIJING IN JUNE HAD
DISCUSSED WAYS OF PREPARING LOCAL POLICE FORCES FOR
DEMONSTRATIONS AND RIOTS. THE SOURCE, HE ADDS, STATED:
"IT HAD NEVER BEEN NECESSARY BEFORE. CHINA IS STILL ONE
OF THE WORLD'S MOST STABLE COUNTRIES AND PEASANTS DO NOT
USUALLY ARGUE WITH A POLICEMAN. BUT THAT IS CHANGING."

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ROCHE REPORTS ONE WESTERN DIPLOMAT CONTRASTED BEIJING'S
DETERMINATION TO QUELL ORGANIZED OPPOSITION TO PARTY RULE
WITH THE SOVIETS' INCREASINGLY RELAXED HANDLING OF
DISSENT. BEIJING'S ECONOMIC REFORMS ARE FAR MORE
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ADVANCED THAN MOSCOW'S, HE SAYS, BUT POLITICAL AND
CULTURAL LIBERALIZATION LAGS BEHIND. HE QUOTES A
DIPLOMAT AS COMMENTING: "DENG AND ZHAO ZIYANG BELIEVE IT
IS ESSENTIAL TO GET THE ECONOMY WORKING PROPERLY BEFORE
ALLOWING SERIOUS POLITICAL CHANGES. IN THE SOVIET UNION
THE POLITICAL CHANGES SEEM TO BE COMING FIRST. CHINA
THINKS (GORBACHEV) IS MAKING A DANGEROUS MISTAKE."

-- SHIREEN HUNTER, DEPUTY DIRECTOR OF THE MIDDLE EAST
PROJECT AT THE "CENTER FOR STRATEGIC AND INTERNATIONAL
STUDIES" IN WASHINGTON SAYS THAT CHINESE OFFICIALS IN
BEIJING VIEW THEIR IMMEDIATE SECURITY CONCERNS AS
INVOLVING EAST ASIA AND THE PACIFIC. SHE NOTES THAT IT
ALSO INCLUDES FEAR OF JAPAN'S REMILITARIZATION, VIETNAM'S
EFFORTS TO DOMINATE INDOCHINA AND THE NEED TO DEAL WITH
CHALLENGES AND OPPORTUNITIES PRESENTED BY THE NEW SOVIET
POLICY IN THE FAR EAST.

GEOPOLITICALLY, HUNTER SAYS, CHINA HAS A COMMON, THOUGH
NARROW, BORDER WITH AFGHANISTAN. EVENTS IN SW ASIA HAVE
A DIRECT BEARING ON THE BALANCE OF POLITICAL AND MILITARY
POWER ON THE INDIAN SUBCONTINENT. IN ADDITION, HUNTER
COMMENTS, THE REGION BORDERS ON THE USSR. ECONOMICALLY
SPEAKING, HUNTER SAYS THE CHINESE ARE CONSCIOUS OF THE
TRADE AND INVESTMENT OPPORTUNITIES IN THE STATES OF SW
ASIA, ESPECIALLY THE OIL PRODUCERS.

HUNTER SUGGESTS THAT CHINESE OFFICIALS WELCOME SOME
RECENT DEVELOPMENTS IN THE REGION, BUT ARE CONCERNED
ABOUT SW ASIA'S LONG-TERM PROSPECTS FOR STABILITY. SHE
ALSO SAYS THAT BEIJING IS NOT CONVINCED SOVIET TROOP
WITHDRAWALS FROM AFGHANISTAN HAVE ENDED SOVIET AMBITIONS
IN THAT COUNTRY, NOR DOES IT MEAN THE RETURN OF
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STABILITY.

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HUNTER COMMENTS THAT THE CHINESE ARE CONCERNED ABOUT THE
IMPACT THAT THE OUTCOME OF THE AFGHAN DRAMA WILL HAVE ON
THE BALANCE OF THE INDIAN SUBCONTINENT. THEY
PARTICULARLY WORRY, SHE SAYS, ABOUT THE IMPACT OF
PROLONGED TURMOIL IN AFGHANISTAN ON PAKISTAN'S
STABILITY. ACCORDING TO HUNTER, CHINA IS ALSO PAYING
CLOSE ATTENTION TO THE CONTINUING IRAN-IRAQ WAR AND ITS
IMPLICATIONS FOR IRAN'S FUTURE. SHE SUGGESTS THAT EITHER
CONSCIOUSLY OR UNCONSCIOUSLY, THE CHINESE HAVE TRIED TO
MAKE THEIR COUNTRY A COUNTERWEIGHT TO SOVIET INFLUENCE IN
IRAN IN THE ABSENCE OF AN AMERICAN PRESENCE.

HUNTER COMMENTS THAT THE CHINESE ARE KEENLY AWARE THAT A
SUDDEN COLLAPSE OF THE CURRENT IRANIAN REGIME COULD LEAD
TO PROLONGED TURMOIL. WITH NEGATIVE IMPLICATIONS FOR
PAKISTAN AND ALL OF SW ASIA. IN SUMMATION, SHE SAYS THAT
CHINA'S ANALYSIS OF SW ASIA'S CONDITIONS IS CHARACTERIZED
BY A SOBER APPRECIATION OF FACTORS OF REGIONAL STABILITY. WHITEHEAD

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DOC_NBR= 88STATE190042

FILM= D880506-0186

DATE= 13 JUN 88

TYPE= TE

FROM= STATE

DRAFTER= NEA/P:WPIERCE:MRG

OFFICE= ORIGIN NEA

TO= NEA POSTS
ALEXANDRIA
BEIRUT
MULTIPLE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= UNCLASSIFIED

ORIGPCCLASS= n/a

EO= N/A

SUBJECT= NEA PRESS GUIDANCE (UNUSED) JUNE 13, 1988 THE FOLLOWING GUIDANCE WAS
PREPARED FOR THE DEPARTMENT SPOKESMAN BUT NOT USED. IT IS PROVIDED FOR POSTS'

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE. ON MICROFILM

ERRORS= N/A

CONCEPTS= n/a

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DEPORTATION OF MUBARAK AWAD

Q.: BUT WASN'T IT ISRAEL'S HIGH COURT THAT DECIDED MR. AWAD SHOULD BE DEPORTED?

A.: THE COURT'S JUDGEMENT UPHELD THE AUTHORITY OF THE MINISTER OF INTERIOR TO DEPORT AWAD. THE COURT DID NOT ITSELF ORDER AWAD'S DEPORTATION. ACCORDING TO THIS FINDING, PRIME MINISTER SHAMIR, ACTING AS INTERIOR MINISTER, HAD THE AUTHORITY TO ISSUE, AND TO RESCIND, THE DEPORTATION ORDER.

Q.: WHAT CAN THE U.S. NOW DO IN THE AWAD CASE?

A.: I HAVE NOTHING FOR YOU.

AFGHANISTAN: THREATS TO SLOW DOWN WITHDRAWAL

Q.: WHAT IS YOUR REACTION TO REPORTS THAT THE SOVIET WITHDRAWAL MAY BE SLOWED DOWN IF PAKISTAN DOES NOT LIVE UP TO ITS PART OF THE ACCORDS?

A.: WE LOOK TO THE SOVIET UNION TO WITHDRAW ITS FORCES IN THE TIMETABLE SET OUT IN THE GENEVA ACCORDS. THERE IS NO EXCUSE FOR THEM NOT TO DO SO.

Q.: ANY COMMENT ON REPORTS THAT SOVIET FOREIGN MINISTER SHEVARDNADZE CONVEYED FORMAL CHARGES TO THE U.N. LAST THURSDAY IN WHICH IT IS CLAIMED THAT ARMS SHIPMENTS CONTINUE INTO AFGHANISTAN FROM RESISTANCE BASES IN PAKISTAN?

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A.: NO.

LIBYA: U.S. ATTEMPTS TO ASSASSINATE COL QADHAFI

Q.: THERE WERE REPORTS OVER THE WEEKEND ALLEGING THE U.S. HAD SOUGHT TO KILL QADHAFI AT THE TIME OF THE APRIL 1987 BOMBING OF TRIPOLI. WHAT IS YOUR COMMENT?

A.: THIS QUESTION WAS RAISED AT THE TIME OF THE BOMBING. OUR VIEWS WERE PUT FORTH ON THE RECORD THEN. I HAVE NOTHING FURTHER TO OFFER YOU

LIBYA: HAS QADHAFI CHANGED?

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Q.: ABC'S JOHN COOLEY WROTE AN ARTICLE IN THE CHRISTIAN SCIENCE MONITOR INDICATING LIBYAN LEADER MU'AMMAR QADHAFI HAS ADOPTED A MORE REASONABLE INTERNATIONAL POSTURE. WHAT IS THE STATE DEPARTMENT VIEW?

A.: THERE IS CONCRETE EVIDENCE -- INCLUDING THE SEIZURE OF LIBYAN ARMS FOR THE IRA AND THE ARREST IN SENEGAL OF LIBYAN OPERATIVES -- THAT LIBYA CONTINUES ITS SUPPORT OF TERRORISM, AS WELL AS FOR SUBVERSIONS AND AGGRESSION. WE, THEREFORE, DO NOT BELIEVE COL QADHAFI HAS CHANGED. WE ALSO NOTE THAT QADHAFI HAS MADE PAST EFFORTS TO IMPROVE HIS INTERNATIONAL IMAGE, ONLY TO RETURN TO HIS TERRORIST WAYS.

Q.: BUT HASN'T HE SHOWN HIMSELF TO BE MORE REASONABLE IN HIS DEALINGS WITH HIS NORTH AFRICAN NEIGHBORS?

A.: THE U.S. TAKES INTO ACCOUNT INFORMATION REGARDING LIBYAN ACTIVITIES WORLDWIDE IN DRAWING ITS CONCLUSIONS ABOUT COL. QADHAFI.

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Q.: CAN YOU CONFIRM THAT ANOTHER AMERICAN HAS BEEN ARRESTED IN IRAN?

A.: WE HAVE ASKED THE SWISS TO INQUIRE ABOUT UNOFFICIAL REPORTS THAT A DUAL NATIONAL MAY BE DETAINED IN IRAN. WE HAVE NO FURTHER INFORMATION AT THIS TIME.

FYI FOR THE BRIEFER:

THIS WOULD BE IN ADDITION TO THE TWO AMERICAN BUSINESSMEN IN JAIL IN IRAN: JON PATTIS, ARRESTED IN JUNE, 1986, ON CHARGES OF ESPIONAGE, AND ANOTHER AMERICAN (NO PRIVACY ACT WAIVER) IN PRISON SINCE OCTOBER 1984 FOR MISUSING FOREIGN CURRENCY.

IRAN/HOSTAGE: DISINFORMATION CAMPAIGN?

Q.: IS THERE AN ANTI-AMERICAN DISINFORMATION CAMPAIGN REGARDING PURPORTED NEGOTIATIONS BETWEEN THE U.S. AND IRAN FOR THE RELEASE OF THE AMERICAN HOSTAGES IN LEBANON?

A.: THERE HAVE BEEN MANY ERRONEOUS STORIES RECENTLY

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ALLEGING THAT THE U.S. IS NEGOTIATING WITH IRAN FOR THE RELEASE OF THE AMERICAN HOSTAGES. WE DO NOT KNOW THE SPECIFIC MOTIVATIONS FOR THESE RECENT ERRONEOUS STORIES, BUT WE CANNOT RULE OUT THE POSSIBILITY OF A DISINFORMATION CAMPAIGN.

WE HAVE ALWAYS SAID THAT WE ARE WILLING AND READY TO TALK ABOUT THE SAFETY AND RELEASE OF THE HOSTAGES AND THAT WE WOULD BE WILLING TO ENGAGE IN AN AUTHORITATIVE DIALOGUE WITH RESPONSIBLE REPRESENTATIVES OF THE IRANIAN GOVERNMENT. SO FAR THIS WILLINGNESS ON OUR PART HAS NOT UNCLASSIFIED

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BORNE FRUIT. WHAT WE WILL NOT DO IS MAKE CONCESSIONS TO OBTAIN THE HOSTAGES' RELEASE.

Q.: WHAT COULD THE MOTIVATION BE FOR SUCH REPORTS?

A.: WE DO NOT KNOW AND WOULD NOT WANT TO SPECULATE.
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*** Current Handling Restrictions *** n/a

<<<**** OASYS DOCUMENT HEADER ****>>>

DOC_NBR= 88STATE165180

FILM= D880442-0333

DATE= 23 MAY 88

TYPE= TE

FROM= STATE

DRAFTER= NEA/P:WAPIERCE:MRG

OFFICE= ORIGIN NEA

TO= NEA POSTS
AMMAN
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CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= UNCLASSIFIED

ORIGPCLASS= n/a

EO= N/A

SUBJECT= DEPARTMENT PRESS BRIEFING, MAY 23, 1988 FOR ADDRESSEE INFORMATION AND GUIDANCE. FOLLOWING ARE EXCERPTS FROM TODAY'S PRESS BRIEFING. SPOKESMAN W

REFERENCE= n/a

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= PRESS CONFERENCE, PRESS GUIDANCE, TEXT, FOREIGN RELATIONS, MEETING, AMBASSADOR, WELFARE & WHEREABOUTS, PEACE PLAN, STATUS, HOSTAGE

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IS/FPC/CDR *[Signature]* Date *1/2/92*

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TAGS= OPRC, PREL, US, XF, UNGA, (WALTERS, VERNON A)

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PASS PAOS, INFORM CONSUL, MILITARY ADDRESSEES ALSO FOR POLAD

E.O. 12356: N/A

TAGS: OPRC

SUBJECT: DEPARTMENT PRESS BRIEFING, MAY 23, 1988

FOR ADDRESSEE INFORMATION AND GUIDANCE, FOLLOWING ARE
EXCERPTS FROM TODAY'S PRESS BRIEFING. SPOKESMAN WAS
CHARLES REDMAN.

MR. REDMAN: LADIES AND GENTLEMEN, GOOD AFTERNOON.

Q: DO YOU HAVE ANYTHING ON THE WASHINGTON POST STORY
ABOUT CHINA AND ISRAEL AND SAUDI ARABIA?

A: NO, I DON'T.

Q: WHY NOT? IS IT ALL CLASSIFIED, OR WHAT?

A: I JUST DON'T HAVE ANYTHING TO OFFER ON IT.

Q: WHERE'S WALTERS NOW -- GENERAL WALTERS?

A: HE'S STILL IN THE MIDDLE EAST DOING HIS PRE-UNITED
NATIONS GENERAL ASSEMBLY ROUND OF DISCUSSIONS. I DON'T
HAPPEN TO KNOW WHERE HE IS TODAY. I NOTICED HE WAS VERY
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RECENTLY IN BAGHDAD, BUT I DON'T HAVE HIS LATEST
DESTINATION.

Q: DO YOU HAVE A READOUT ON HIS TALKS WITH ASSAD,
PARTICULARLY WHERE THE HOSTAGES ARE CONCERNED?

A: AS I EMPHASIZED, THE TALKS FOCUSED MOSTLY ON SUBJECTS
LIKELY TO COME UP IN THE UNITED NATIONS OR BEFORE THE
SECURITY COUNCIL, OR HAVING TO DO WITH THE MIDDLE EAST
PEACE PROCESS AND THE WHOLE RANGE OF ISSUES ASSOCIATED
WITH THAT. THE HOSTAGE ISSUE DID COME UP, BUT IN THE

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CONTEXT THAT I HAVE NOTED.

Q: IN YOUR PREVIOUS BRIEFINGS, YOU'VE SAID THAT THE UNITED STATES HAS ON MANY OCCASIONS TRIED TO IMPRESS ITS ALLIES AND OTHER COUNTRIES IN THE WORLD NOT TO SELL ARMS TO EITHER IRAN OR IRAQ. WHAT DOES THE STATE DEPARTMENT FEEL ABOUT COUNTRIES THAT DON'T DIRECTLY SELL ARMS THERE BUT HELP OTHER COUNTRIES EITHER TO DEVELOP ARMS TO SEND TO THE GULF OR HELP THEM IN SOME WAY TO PROLONG THE WAR?

A: AS I SAID, I HAVE ABSOLUTELY NOTHING ON THAT STORY SO ANY ANSWER I MIGHT GIVE WOULD BE COMPLETELY DISASSOCIATED FROM THAT STORY.

THE ANSWER THEN IS VERY SIMPLE. THE KINDS YOU'RE TALKING ABOUT ARE SECOND, THIRD, FOURTH DEGREE RELATIONSHIPS, AND I REALLY DON'T HAVE ANY PARTICULAR ANALYSIS ON THAT.

Q: CAN YOU COMMENT ON WHETHER IT WAS A BADLY SOURCED STORY? IT DOESN'T HAVE FOUNDATIONS. THEREFORE YOU REFUSE TO COMMENT ON IT?

A: NO, I CAN'T COMMENT ON THAT KIND OF COMMENT.

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Q: SO YOU WOULD CONDONE COUNTRIES THAT HELP OTHER COUNTRIES EXPORT ARMS TO IRAN AND IRAQ? THAT'S NO PROBLEM FOR THE STATE DEPARTMENT?

A: I SAID I DIDN'T HAVE ANY PARTICULAR COMMENT ON YOUR QUESTION.

Q: COULD YOU SET THE RECORD STRAIGHT ABOUT THIS PROPOSAL TO ESTABLISH A COMMISSION ON HUMAN RIGHTS IN ISRAELI OCCUPIED TERRITORIES DUE TO THE FACT THAT IT LOOKED LIKE MR. (YOSSI) BEILIN, WHO WAS HERE AT THE STATE DEPARTMENT LAST WEEK. HE'S TELLING A DIFFERENT STORY FROM WHAT'S HERE IN WASHINGTON ABOUT THE REQUEST OF THE UNITED STATES STATE DEPARTMENT TO ESTABLISH SUCH A COMMISSION.

A: WHAT KIND OF A COMMISSION?

Q: THIS IS A COMMISSION FOR HUMAN RIGHTS IN THE OCCUPIED TERRITORIES.

A: I REALLY DON'T HAVE ANYTHING SPECIFIC ON THAT.

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Q: YOU MAY WANT TO LOOK AT FBIS OF FRIDAY ON PAGE L5.

A: I DON'T PUT A LOT OF STOCK IN THE VARIOUS KINDS OF THINGS THAT HAVE BEEN PUBLISHED ON THAT PARTICULAR STORY. MOST OF THEM HAVE NOT BEEN ACCURATE IN EVEN CHARACTERIZING THE ISSUE. SO I MIGHT BE ABLE TO HELP YOU IN MORE SPECIFIC TERMS, BUT I REALLY DON'T HAVE ANYTHING TO OFFER HERE TODAY.

Q: BUT THERE HAS BEEN A REQUEST BY THE STATE DEPARTMENT OR PRESSURE POSSIBLY?
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A: NO. NO, TO BOTH.

Q: THE NEW YORK TIMES HAD AN UNCONFIRMED REPORT TODAY SAYING THAT THE AFGHANI MUJAHIDIN HAD MADE SEVERAL VICTORIES AMONG FORTRESSES ALONG THE PAKISTANI BORDER. DO YOU HAVE ANY REPORTS TO BACK THAT UP?

A: I DON'T HAVE ANY WAY TO BACK UP EACH AND EVERY ONE OF THOSE. SOME OF THOSE REPORTED GARRISONS ARE, IN FACT, OLD NEWS. THOSE ARE GARRISONS THAT FELL QUITE SOME TIME AGO, BUT THERE DOES CONTINUE TO BE HEAVY PRESSURE EXERCISED BY THE MUJAHIDIN ON VARIOUS GARRISONS.

A: CHARLES, THE SECRETARY OF STATE SAID... IN HIS REMARKS ABOUT HIS MEETING WITH FOREIGN MINISTER PERES... THAT THE PLAN THAT HE HAS PUT FORTH IS THE ONLY ONE IN TOWN, OR WORDS TO THAT EFFECT. IS THE STATE DEPARTMENT NOW SAYING THAT CAMP DAVID NO LONGER IS VIABLE?

A: I THINK THE SECRETARY WAS ACCURATE IN HIS REMARKS.

Q: DO YOU HAVE ANY INFORMATION ON THE STATUS OF THE CHINESE MISSILES IN SAUDI ARABIA? ARE THEY STILL BEING INSTALLED OR ARE THEY READY TO BE USED?

A: I DON'T HAVE A STATUS REPORT.

Q: BACK ON AFGHANISTAN. THE NEW YOR. TIMES REPORTED TODAY THAT THE PAKISTANIS WERE URGING THE AFGHANI REBELS TO LAUNCH A MAJOR OFFENSIVE. ANY OBSERVATIONS ON THAT?

A: NO.

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Q: DID YOU MAKE ANY COMMENT ON THE OPENING OF ELEMENTARY
SCHOOLS IN THE ISRAELI-ADMINISTERED TERRITORIES?
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A: NO, I DON'T HAVE ANY COMMENT.

Q: ARE THERE ANY SUITS INVOLVED NOW BETWEEN JUDGE SOFAER
AND HIS COINS?

A: NO.

Q: HE'S MANAGED TO SMOOTH THAT OUT OVER THE ISRAELI
AUTHORITY THING?

A: AS FAR AS I KNOW, WHAT I LAST OFFERED ON THURSDAY, I
BELIEVE, IS STILL ACCURATE.

Q: CAN YOU COMMENT ON THE NOTE DROPPED IN KABUL BY THE
SOVIET GOVERNMENT ABOUT PAKISTAN VIOLATING THE GENEVA
ACCORDS? AND AT ANY POINT IS THE U.S. GOING TO KEEP
HANDS OFF AS TO WHAT PAKISTAN DOES IN TERMS OF COMPLYING
WITH THE ACCORDS?

A: I DON'T HAVE ANYTHING THAT WOULD BREAK ANY NEW GROUND
FOR YOU. THESE KINDS OF QUESTIONS WERE HANDLED IN DETAIL
AT THE TIME OF THE SIGNING OF THE AFGHAN ACCORDS.
EVERYONE KNOWS HOW ALL SIDES ARE APPROACHING THESE
ISSUES. NOTHING HAS CHANGED BEYOND THAT.

Q: THANK YOU.

A: YOU'RE WELCOME. SHULTZ

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NEA,USCENTCOM/USCINCEUR FOR POLAD

E.O. 12356: N/A

TAGS: ASEC, PROG, PREL, SCUL, SHUM, IS, JO, KPAL

SUBJECT: JERUSALEM AND WEST BANK PRESS SUMMARY FOR
FRIDAY JULY 24, 1987.

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SUMMARY:

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-- JERUSALEM/WEST BANK NEWS:

1. ISRAEL WATER COMMISSION DIRECTOR CLAIMS NEW HERODIAN WELL WILL SUPPLY WEST BANK ARABS.
2. RABIN MEETS FOUR WEST BANK MAYORS.
3. ISRAELI LAWYER ALLEGES TORTURE IN NABLUS PRISON; SUSPECT DIES IN JENIN PRISON.
4. U.S. CONSULATE TO ACCEPT VISA APPLICATIONS FROM WEST BANK TRAVEL AGENTS.
5. MOLOTOV COCKTAIL THROWN IN JERUSALEM.
6. HIGH COURT REJECTS APPEAL ON MAKING MOSLEM PILGRIMAGE.
7. JERUSALEM LAND CONFISCATED REPORTED.
8. BUILDING LICENSE REJECTIONS DISCUSSED.
9. JORDAN ALLOCATES FUNDS FOR WEST BANK MEDICAL EQUIPMENT.

-- EDITORIALS:

ASSASSINATION ATTEMPT TRIES TO STIFLE FREE SPEECH;
UNIVERSITY GRADUATES MUST BE HELPED; UN RESOLUTION
HOPEFUL; EJEC EXAMPLE OF PALESTINIAN LOSSES; GRAVE
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PROTECTORS TRYING TO BURY THE STATE.

-- END SUMMARY.

JERUSALEM AND WEST BANK NEWS:

1. AN-NAHAR REPORTED THAT YEHEZKEL ZEKAI THE DIRECTOR GENERAL OF THE MEKOROT WATER COMPANY SAID THAT "THE DRILLING OF THE HERODIAN WELL NEAR BETHLEHEM WILL SUPPLY ARAB RESIDENTS IN BETHLEHEM AND HEBRON DISTRICTS AND THE

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SURPLUS WILL BE DISTRIBUTED TO THE SETTLERS." AN AMERICAN COMPANY OWNED BY ARMAND HAMMER REPORTEDLY WAS HIRED BY MEKOROT TO DRILL THE WELL WITHOUT RECEIVING AID FROM ISRAELI SOURCES. UNDER THE TERMS OF THE AGREEMENT BETWEEN THE AMERICAN COMPANY AND MEKOROT, THE COMPANY WILL SELL THE PUMPED WATER TO MEKOROT. BETHLEHEM MAYOR FREIJ WAS TOLD BY THE AMERICAN COMPANY THAT THE WELL WILL BE 900 METERS DEEP AND 5.5 METERS IN DIAMETER AND WILL YEILD FIVE TO EIGHT THOUSAND CUBIC METERS PER HOUR. FREIJ ADDED THAT PUMPING SUCH A VAST AMOUNT OF WATER WILL AFFECT THE "GEOGRAPHY OF THE AREA." FREIJ WAS REPORTEDLY SURPRISED THAT MILITARY AUTHORITIES ARE NOT CONSULTING ARAB MAYORS OVER THE DRILLING OF THE WELL. FREIJ ADDED THAT ISRAEL PLANS TO INSTALL A 20,000 KILOWATT WATER PUMP AT THE SITE.

2. ALL PAPERS EXCEPT AL-FAJR REPORTED THAT DEFENSE MINISTER RABIN MET YESTERDAY IN TEL AVIV WITH FOUR ISRAELI-APPOINTED WEST BANK MAYORS TO DISCUSS MUNICIPAL PROBLEMS. RABIN PROMISED THE MAYORS OF RAMALLAH,

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E.O. 12356: N/A
TAGS: ASEC, PROG, PREL, SCUL, SHUM, IS, JO, KPAL
SUBJECT: JERUSALEM AND WEST BANK PRESS SUMMARY FOR

EL-BIREH, BIR ZEIT, AND BETUNIAH THAT HE WOULD LOOK INTO
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WAYS TO IMPROVE SERVICES TO THEIR COMMUNITIES. ARABIC
PAPERS ADDED THAT THE MAYORS REQUESTED THAT RABIN EXPAND

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THEIR MUNICIPAL BORDERS, AID WATER PROJECTS, AND FACILITATE FAMILY REUNIFICATIONS.

3. AL-FAJR AND ASHAAB REPORTED THAT JERUSALEM LAWYER FELICIA LANGER PUBLISHED A REPORT ALLEGING THAT TWENTY-SIX YEAR OLD RIYADH YASSIN FROM ATTIL VILLAGE IN THE NABLUS DISTRICT WAS TORTURED AND ALMOST DIED IN JENIN PRISON. HE WAS ALLEGEDLY DETAINED IN A SMALL, BOX-LIKE CUPBOARD WITH HIS HEAD COVERED FOR THREE CONSECUTIVE DAYS. DESPITE THE FACT THAT HE INFORMED PRISON AUTHORITIES THAT HE SUFFERS FROM SHORTNESS OF BREATH AS WELL AS LIVER AND GALBLADDER PROBLEMS, THEY KEPT WITH A THICK JUTE BAG OVER HIS HEAD, NEARLY SUFFOCATING HIM. LANGER SAID THAT HE CONFESSED TO MEMBERSHIP IN THE DFLP IN ORDER TO END THE TORTURE. LANGER CLAIMS THAT OTHER PRISONERS SAID THAT THE BOX IS USED BY THE SHIN BET IN JENIN TO TERRORIZE PRISONERS.

ALL PAPERS REPORTED THAT ANWAD ABD-A-SALAM MOHAMMED HAMDAN, 21, OF KUFR RUMMAN VILLAGE NEAR TULKAREM DIED YESTERDAY IN JENIN PRISON, THREE DAYS AFTER HIS ARREST, WHILE WAITING TO BE INTERROGATED. PRISON AUTHORITIES SAID THAT HAMDAN SUDDENLY LOST CONSCIOUSNESS AND THAT GUARDS AND A MEDIC HAD TRIED TO REVIVE HIM. THE AUTHORITIES REPORTEDLY SAID THAT AN AUTOPSY AT THE INSTITUTE OF FORENSIC MEDICINE AT ABU KABIR REVEALED NO SIGNS OF VIOLENCE ON THE BODY, AND THAT A PRISONS SERVICE COMMITTEE WAS ESTABLISHED TO INVESTIGATE THE CAUSE OF DEATH.

4. AL-FAJR REPORTED THAT HOWARD KAVALER, HEAD OF THE
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CONSULAR SECTION AT THE AMERICAN CONSULATE IN JERUSALEM, DISCUSSED THE ISSUE OF U.S. VISITOR VISAS WITH SEVERAL WEST BANK BUSINESSMEN AND TRAVEL AGENTS. TO FACILITATE THE TRAVEL OF WEST BANK BUSINESSMEN AND PROFESSIONALS, IT WAS AGREED THAT FOR THE FIRST TIME THE CONSUALTE WOULD ACCEPT VISA APPLICATIONS VIA CERTAIN TRAVEL AGENCIES AND AIRLINE OFFICES ON THE WEST BANK.

5. THE POST, ASHAAB, AND AN-NAHAR REPORTED THAT A MOLOTOV COCKTAIL WAS THROWN AT AN ISRAELI BUS IN WEST JERUSALEM AS IT PASSED THE SULTAN'S POOL ON ITS WAY TO

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HEBRON. NO CASUALTIES OR DAMAGE WAS REPORTED. THE BOMB
IGNITED ON THE STREET NEAR THE BUS.

6. AL-FAJR REPORTED THAT THE ISRAELI HIGH COURT OF
JUSTICE REJECTED THE PETITION OF ABDUL LATIF YOUNES TO
LIFT THE GOI BAN ON HIS TRAVEL TO MECCA TO MAKE THE
ISLAMIC PILGRIMAGE. THE HAJ. YUNIS WAS A FATAH ACTIVIST
IN THE 1970S AND SPENT SIX YEARS IN JAIL AFTER HE WAS
ACCUSED OF INTELLIGENCE GATHERING VIOLATIONS. HE IS
ALSO THE FATHER OF A PALESTINIAN YOUTH WHO KILLED AN
ISRAELI SOLDIER SEVEN YEARS AGO.

7. ALL ARABIC PAPERS EXCEPT AL-FAJR REPORTED A STORY
FROM THE HEBREW DAILY HA'ARETZ THAT 21,000 DUNAMS OF
LAND IN THE JERUSALEM DISTRICT HAS BEEN CONFISCATED
SINCE 1967. FOUR SETTLEMENTS REPORTEDLY HAVE BEEN BUILT
ON THE LAND. A NEW AGREEMENT HAS REPORTEDLY BEEN
CONCLUDED BETWEEN THE MUNICIPALITY AND THE HOUSING
MINISTRY TO BUILD 10,000 APARTMENTS FOR ARABS IN THE
NORTHERN PART OF JERUSALEM. THIS AGREEMENT NEEDS

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E.O. 12356: N/A
TAGS: ASEC, PROG, PREL, SCUL, SHUM, IS, JO, KPAL
SUBJECT: JERUSALEM AND WEST BANK PRESS SUMMARY FOR

CABINET APPROVAL.
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8. AL-QUDS REPORTED THAT 3,200 APPLICATIONS FOR

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BUILDING LICENSES WERE REJECTED BY THE WEST BANK REGIONAL DEVELOPMENT DEPARTMENT IN RAMALLAH DURING THE PAST EIGHT MONTHS. IN A RELATED STORY, ASHAAB REPORTED THAT RESIDENTS OF AZMOUT VILLAGE IN THE NABLUS DISTRICT COMPLAINED ABOUT BAD TREATMENT BY THE DEVELOPMENT OFFICE AFTER THE VILLAGERS APPLIED FOR A LICENSE TO BUILD A NEW MOSQUE IN THE VILLAGE. THE VILLAGERS ALLEGE THAT THEY APPLIED A YEAR AND A HALF AGO AND DID NOT RECEIVE A REPLY.

9. AN-NAHAR REPORTED THAT THE JORDANIAN MINISTRY OF HEALTH DECIDED TO PROVIDE FUNDS FOR A "TELEVISION X-RAY MACHINE" FOR THE HEALTH CENTER IN JERUSALEM AND A SECOND ONE FOR THE EL-BIREH MEDICAL CENTER. THE MINISTRY WILL ALSO PROVIDE EL-BIREH WITH FUNDS FOR A MACHINE WHICH TREATS SKIN DISEASES. THE SUM OF 150,000 DINARS WAS TRANSFERED TO THE DEVELOPMENT COMMITTEE IN JERUSALEM IN ORDER TO PURCHASE THE EQUIPMENT. THE MINISTRY DECIDED TO APPOINT FOUR MEDICAL SPECIALISTS TO WORK IN THE TWO CENTERS AND PROVIDE NECESSARY SERVICES TO JERUSALEM DISTRICT RESIDENTS.

EDITORIALS:

AL-FAJR DENOUNCED THE ATTEMPTED ASSASSINATION OF "THE GREAT PALESTINIAN ARTIST" NAJI EL-ALI. THE ATTEMPT TO KILL EL-ALI, A HUMANITARIAN AND ONE OF THE MEMBERS OF THE PALESTINIAN CULTURAL MOVEMENT, WAS INTENDED TO STIFLE FREEDOM OF EXPRESSION AND COURAGEOUS CRITICISM THROUGH TERROR.

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AL-QUDS WORRIES THAT UNEMPLOYMENT AWAITS MANY WEST BANK UNIVERSITY GRADUATES. IT IS THE RESPONSIBILITY OF EVERYONE IN THE OCCUPIED TERRITORIES TO FIND METHODS TO ALLEVIATE DIFFICULTIES ENCOUNTERED BY THESE GRADUATES.

ASHAAB HOPES THAT THE UNITED NATIONS SECURITY COUNCIL RESOLUTION ORDERING IRAN TO STOP THE GULF WAR WILL NOT BE SHELVED AS SO MANY PREVIOUS RESOLUTIONS WERE. A UNITED ARAB AND ISLAMIC POSITION COULD STOP THE WAR.

AN-NAHAR DISCUSSES THE CONFLICT BETWEEN ENERGY MINISTER

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SHAHAL AND MINISTER MODA'I ON THE FUTURE OF THE EAST JERUSALEM ELECTRIC COMPANY. SHAHAL ADMITS THAT PART OF THE EJEC'S PROBLEMS RESULT FROM ISRAELI POLICIES AND SUGGESTS COMPENSATION FOR ENDING THE MONOPOLY. BUT, MODA'I REFUSES PAYMENT OF COMPENSATION AND PREFERENCES TO WAIT UNTIL THE END OF THIS YEAR WHEN THE MONOPOLY ENDS. IN THE HEAT OF THE ARGUMENT WE FORGET THAT ISRAEL HAS NOTHING TO OFFER THE PALESTINIANS, BE IT THE ELECTRIC COMPANY OR THE SOLUTION OF THE PALESTINIAN PROBLEM. THE ELECTRIC COMPANY IS A SMALL EXAMPLE OF GREATER LOSSES SUFFERED BY PALESTINIANS FOR WHICH THE ISRAELIS HAVE NOT PROVIDED ANY COMPENSATION.

THE POST LAMENTS THAT AN AMERICAN ARCHEOLOGICAL DIG WAS STOPPED IN CAESAREA IN ORDER TO AVOID OFFENDING RELIGIOUS SENSITIVITIES. "WHOSE RELIGIOUS SENSITIVITIES WAS NOT STATED." AS SO OFTEN OCCURS, NO REPRESENTATIVES OF THE MAJORITY OF U.S. JEWRY WERE AVAILABLE TO EXPLAIN THAT THE CHIEF RABBIS ARE NOT ALL OF ISRAEL. THE GRAVE

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PAGE 01 JERUSA 02249 04 OF 04 241358Z
ACTION NEA-04

INFO LOG-00 COPY-01 ADS-00 INR-10 EUR-00 IO-19 NSAE-00
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USIA WASHDC IMMEDIATE 6117

AMEMBASSY AMMAN IMMEDIATE

AMEMBASSY TEL AVIV IMMEDIATE

CIA WASHDC PRIORITY

DIA WASHDC PRIORITY

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL JEDDAH

AMEMBASSY LONDON

AMEMBASSY MUSCAT

AMEMBASSY RABAT

AMEMBASSY RIYADH

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E.O. 12356: N/A

TAGS: ASEC, PROG, PREL, SCUL, SHUM, IS, JO, KPAL

SUBJECT: JERUSALEM AND WEST BANK PRESS SUMMARY FOR

PROTECTION SOCIETY IN ISRAEL DOES NOT REALLY AIM TO

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PAGE 02 JERUSA 02249 04 OF 04 241358Z

PROTECT JEWISH GRAVES, BUT TO CONSIGN THE MODERN STATE
OF ISRAEL ITSELF TO THE GRAVE.

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*** Current Classification *** ~~CONFIDENTIAL~~
*** Current Handling Restrictions *** n/a

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DOC_NBR= 74BAGHDA00857

FILM= D740356-0615

DATE= 07 NOV 74

TYPE= TE

FROM= BAGHDAD

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS= ~~CONFIDENTIAL~~

ORIGPCLASS= n/a

EO= GS

SUBJECT= IRAQ'S RAPPROACHMENT WITH CONSERVATIVE ARAB STATES

REFERENCE= BAGHDAD 819

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= FOREIGN RELATIONS, AMITY, DIPLOMATIC DISCUSSIONS, MINISTERIAL VISITS

TAGS= PFOR, IZ, XF

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PAGE 01 BAGHDA 00857 090937Z

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ACTION NEA-10

INFO OCT-01 AF-04 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

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SS-15 USIA-06 OMB-01 IO-10 SAM-01 /081 W
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INFO AMEMBASSY ABU DHABI
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AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
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AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY RABAT
AMEMBASSY SANAA
AMEMBASSY TEHRAN
AMEMBASSY TEL AVIV
AMEMBASSY TUNIS

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KUWAIT PASS DOHA AND MUSCAT

EO 11652: GDS—

TAGS: PFOR IZ XF

SUBJ: IRAQ'S RAPPROACHMENT WITH CONSERVATIVE ARAB STATES

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1. IRAQ'S EFFORTS TOWARD RAPPROACHMENT WITH CONSERVATIVE ARAB STATES PROCEEDING FASTER THAN ANTICIPATED. ARAB SUMMIT AT RABAT, WHERE RCC VICE CHAIRMAN SADDAM HUSSEIN MET WITH KING FEISAL AND HUSSEIN, WAS MAJOR TURNING POINT. ACCORDING TO EGYPTIAN AMB AL-NAGGAR, SADDAM SAID TO FEISAL: "YOU ATTACK US FOR BEING COMMUNISTS. WE ARE NOT COMMUNISTS. WE ARE MUSLIMS AND ARABS. WE FACE MORTAL DANGER FROM IRANIAN AGGRESSION AND WE MUST RELY ON RUSSIANS TO ASSIST US. WHEN AND IF WE HAVE OTHER OPTIONS WE WILL TAKE THEM." ARAB LEADERS, INCLUDING SADAT, HAD BEEN IMPRESSED BY SADDAM ALTHOUGH RECOGNIZING THAT TIME WOULD BE NEEDED TO MODERATE IRAQI POLICIES.

2. SINCE RABAT, GOI HAS CEASED PROPAGANDA ATTACKS AGAINST OTHER ARABS, SENT PRESIDENTIAL ENVOY TO KING HUSSEIN TO CONVEY IRAQ'S POSITION ON CONFLICT WITH KURDS AND IRAN (REFTEL, AND INVITED SAUDI, BAHRAIN AND KUWAITI MILITARY REPRESENTATIVES TO ATTEND MILITARY MANEUVERS IN SOUTH. ON NOV 29 KING HASSAN OF MOROCCO SENT SPECIAL ENVOY, MFA UNDER SEC ABDUL HAKIM AL-IRAQI, TO THANK SADDAM FOR HIS ATTENDANCE AND CONSTRUCTIVE ROLE AT RABAT SUMMIT AND, ACCORDING TO ARAB COLLEAGUES, TO INVITE SADAM TO VISIT MOROCCO IN THE SPRING. MORE RECENTLY, IRAQ WAS REPORTEDLY REPRESENTED AT GULF STATES MILITARY MEETING AT DAHAHRAN WHERE PRINCE SULTAN MADE PUBLIC STATEMENT PRAISING IRAQ'S ROLE IN GULF AFFAIRS. NOV 9-14 VISIT OF VP MAROUF TO SUDAN ALSO FITS INTO THIS BROAD EFFORT.

3. COMMENT: WHILE IMMEDIATE REASON FOR IRAQI INTEREST IN ARAB SOLIDARITY MAY BE TO BRING PRESSURE TO BEAR ON IRAN TO CEASE ARMED INTERVENTION AND SUPPORT FOR KURDISH INSURGENCY, IRAQI POLICY TOWARD WEST (E.G. CHIRAC VISIT) AND CONCENTRATION ON ECONOMIC DEVELOPMENT SUGGEST THAT CHANGE MAY BE MUCH MORE SIGNIFICANT AND ONE WHICH AUGURS WELL FOR REGIONAL STABILITY.

4. EGYPTIAN AMMB TOLD ME IN STRICT CONFIDENCE THAT EGYPT IS PREPARED TO GUARANTEE IRAQI NON-INTERFERENCE IN INTERNAL AFFAIRS OF IRAN IF IRAN CAN BE PERSUADED TO CEASE DIRECT SUPPORT TO KURDS.

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5. WHILE GRANTING THAT IRAQ'S PAST PERFORMANCE JUSTIFIES CERTAIN SKEPTICISM, REVERSAL OF POLICY TOWARD HUSSEIN AND FEISAL IS QUITE SPECTACULAR. WHILE ABILITY OF USG TO INFLUENCE THIS TREND IS MINIMAL, I STRONGLY

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RECOMMEND THAT WE ATTEMPT TO ENCOURAGE IT WHERE POSSIBLE
RATHER THAN ATTEMPT TO PROVOKE IRAQ OR PLAY UP DIFFICERENCES
AMONG ARAB STATES.
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- 2 -

MEMORANDUM OF CONVERSATION

October 31, 1974

PARTICIPANTS: A hitherto reliable source (see covering air-gram) and
Ronald E. Neumann, Consul, Tabriz

DATE & PLACE: October 25 and 28, 1974, in Beirut

SUBJECT: Iraqi Kurdish War and Iranian Participation

All statements are as given by the source unless otherwise noted.

Kurdish-Iranian Relations: On March 11, 1974 Barzani himself met with the Shah who promised him, if he would fight, enough aid to keep Barzani from being overrun. In practice, this now amounts to \$10 million a month, exclusive of heavy Iranian expenditure in maintaining over 80,000 Kurdish refugees in camps in Iran. Barzani receives this in cash and, in turn, pays cash for all supplies bought in Iran. At his insistence, all funds go directly to Barzani. Nothing is paid either to the KDP Central Committee or to individual tribal leaders.

The Kurds know that Iran is trying to use them but they are, nevertheless, extremely grateful to Iran. While Barzani does not entirely trust the Shah, he realizes that even if the Kurds obtained autonomy, or even independence, they would remain dependent on Iran for support and, should they ever get it, export of the Kurdish oil. Thus, good long-term Kurdish-Iranian relations are both essential and possible. Insofar as the Shah accepts this line he could worry less about his own Kurds since it would be in the interest of the Iraqi Kurds to assure that the Iranian Kurds remain quiet.

Some areas of friction do exist. The Shah would like to have a bigger hand in running the war and would like to distribute his aid in such a way that he could support other tribal leaders simultaneously. This Barzani has refused, as he has refused Iranian intelligence (SAVAK) efforts to build their own information network. Iran, in turn, has refused requests to assist the Kurds in forming a more complete KDP civil administration in Kurdish occupied areas.

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Comment: Embassy Beirut has had reports agreeing with the last two sentences from other sources. End comment.

Internal Kurdish Politics: The Kurds remain extremely united. The only recent serious attempt to dispute Barzani's control came from a portion of the Harki tribe. This failed utterly, and under one of two brothers 3000 to 4000 Harki's were forced to flee to Turkey from whence they were moved by truck around and back to Iraqi controlled areas. The rest of the tribe, under the other brother's command, is continuing to fight with Barzani.

Comment: Since the Harkis occupy lands roughly parallel to the Iranian border, their successful defection could have posed a serious threat to the movement of Iranian supplies. Their division and defeat, at a time when Barzani is coping with a major Iraqi offensive, speaks well for overall Kurdish unity. End comment.

While Mulla Mustafa continues to make all major decisions, operational control has passed to his sons, Idris and Masoud. Idris handles military operations. Masoud handles intelligence and has an excellent track record including the tipoff on Iraq's shipment of arms to Pakistan last year (a story which Embassy Beirut has from another source) and the obtaining of a complete operational plan for this year's Iraqi offensive. The extent of control exercised by Idris and Masoud indicates that they could probably assume total leadership without much challenge in the event of Mustafa's death.

Outside the family, no other leader holds real power. Jalal Talabani, who at one time had considerable support, has seen most of his followers abandon him and remains in Beirut, posing as a leading Kurdish contact with leftist Arabs but actually without either a real function or real power. Darwa Tawfiq, former editor of the KDP paper in Baghdad and now KDP Director of Information, has been largely discredited as a result of having been taken in by the Ba'th and insisting, until the shooting started, that the Iraqis would continue some sort of negotiations and would not attack noncombatants.

Progress of the War: The source insists that Kurds have retaken Ruwanduz and still hold the critical mountain outside the town although Iraqi troops are on two of the lower ridges. The Iraqi offensive has run out of steam and the Kurds are preparing to make use of the soon-to-arrive winter weather.

Comment: Kurdish occupation of Ruwanduz is not supported by information available in Iran at this time. End comment.

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How the Kurds see the Future: The Kurds still believe that a continuation of the war will eventually bring down the present government and possibly the whole Ba'th structure. They cite various small incidents--a mini-mutiny in one army unit, angry visits by generals to Saddam Hussyn, and the removal of the chief of intelligence--to show that strains and cracks are already appearing. They are making no predictions about the time necessary to bring this about but believe that they can hold on until it happens and that the harshness of the fighting will prove to an eventual successor that real compromise with the Kurds is vital if any Baghdad government is to have reasonable peace to consolidate its power and develop the country.

Although the logical end of so much bloodshed would seem to be a demand for independence, the source indicated that Barzani does not see this as a real possibility. What he continues to want is considerable autonomy within Iraq, the revenues (or at least part of them) from the Kirkuk oil fields and a measure of influence in a new government in Baghdad. Unless these aims can be realized the war will continue.

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DOC_NBR= 74STATE237698

FILM= D740309-0055

DATE= 29 OCT 74

TYPE= TE

FROM= STATE

DRAFTER= O:RJOHNSON:RAM

OFFICE= ORIGIN SS

TO= NEW DELHI

CHANNEL= n/a

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EO= GS

SUBJECT= RESURGENCE OF SOVIET ACTIVITY IN IRAQ

REFERENCE= BAGHDAD 317 OF 5/15/74

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= PROWEST, PETROLEUM, FOREIGN TRADE, POLITICAL SITUATION

TAGS= PFOR, IZ, UR

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FOLLOWING REPEAT OF BAGHDAD 719 ACTION SECSTATE
INFO ABU DHABI ALGEIRS AMMAN BEIRUT CAIRO JIDDA
DAMASCUS KUWAIT LONDON MOSCOW PARIS TEHRAN TEL
AVIV 24 OCTOBER 1974. QUOTE:

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E.O. 11652: ~~GDS~~

TAGS: PFOR, IZ, UR

SUBJECT: RESURGENCE OF SOVIET ACTIVITY IN IRAQ

REF: BAGHDAD 317 OF 5/15/74

1. IRAQI POLICY TREND TOWARD NON-ALIGNMENT AND
RAPPROCHEMENT WITH WEST APPEARS TO HAVE RESULTED IN MAJOR
SOVIET EFFORT TO AVOID DISPLACEMENT BY WEST. IRAQI REGIME
VULNERABLE TO SOVIET PRESSURES BECAUSE OF KURDISH WAR AND
WHAT IT PERCEIVES AS MILITARY THREAT FROM IRAN. ALTHOUGH
SOVIETS MAY NOT BE ABLE TO REVERSE TREND, THEY MAY SUCCEED
IN SLOW DOWN. FOR THE U.S., THIS COULD MEAN LIMITATION
ON ECONOMIC ACTIVITY AND FURTHER DELAY IN RESUMPTION OF
NORMAL RELATIONS. END SUMMARY.

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2. AS DEPARTMENT WELL-AWARE, IRAQI REGIME MOVED RAPIDLY AFTER IPC SETTLEMENT IN FEBRUARY 1973 TO EXPAND RELATIONS WITH WEST AND DECREASE RELIANCE ON USSR, MOST NOTABLY THROUGH ECONOMIC RAPPROCHEMENT WITH WEST AND JAPAN AND RESUMING RELATIONS WITH UK AND FRG. ON NEGATIVE SIDE FOR USSR, THERE WAS IRAQI INSISTENCE THAT SOVIETS PAY MARKET PRICE IN HARD CURRENCY FOR OIL, CLOSURE OF SOVIET, CZECH, AND EAST GERMAN CULTURAL CENTERS, VIRTUAL IGNORING OF PROVISIONS ON CONSULTATIONS IN IRAQI-SOVIET TREATY OF APRIL 1972, AND SEVERAL PUBLIC STATEMENTS BY RCC VICE CHAIRMAN SADDAM HUSSEIN WHICH STRESSED IRAQI INDEPENDENCE FROM USSR. IN SHORT, MAIN THRUST OF IRAQI POLICY SINCE MARCH 1973 HAS BEEN TOWARD REAL NON-ALIGNMENT AND REPLACEMENT OF SOVIETS AS MAJOR ECONOMIC PARTNER BY WEST.

3. SITUATION OBVIOUSLY NOT LIKING OF SOVIETS AND COMMUNIST DIPLOMATS THROUGHOUT EARLY MONTHS OF 1974 EXPRESSED EXASPERATION WITH IRAQI PRICKLY BEHAVIOR. SOVIETS NO DOUBT WISHED TO REVERSE THIS TREND BUT REALIZED THEIR MEANS OF INFLUENCE LIMITED AND MUST BE USED WITH CAUTION TO AVOID MORE ADVERSE REACTION. SOVIETS WERE ASSISTED BY ERUPTION OF LARGE SCALE FIGHTING AGAINST KURDS IN LATE SPRING AND RESULTING IRAQI NEED FOR MILITARY SUPPLIES AND PROTECTION FROM PERCEIVED MILITARY THREAT FROM IRAN. SERIES OF HIGH LEVEL VISITORS IN FIRST HALF OF 1974 (REFTEL) SEEM TO HAVE SIGNALLED SOVIET DETERMINATION TO MAINTAIN POSITION.

4. EVENTS SINCE THAT TIME APPEAR TO SUPPORT THIS CONTENTION AND THAT IRAQIS ARE VULNERABLE:

(A) PUBLICLY, SOVIETS SEEN TO STAND FIRMLY BEHIND BAAATH REGIME'S EFFORT TO RESOLVE KURDISH PROBLEM THROUGH FORCED APPLICATION OF IRAQI VERSION OF SOVIET "NATIONALITIES POLICY". PRIVATELY, HOWEVER, SOVIETS BELIEVED TO SEE BENEFITS OF KEEPING KURDISH REVOLT ALIVE AS MEANS OF PRESSURE ON BAGHDAD.

(B) SOVIET SUPPLY OF IRAQ WITH HIGHLY SOPHISTICATED MILITARY EQUIPMENT; TO BEST OF USINT'S KNOWLEDGE IRAQ IS ONLY COUNTRY OUTSIDE USSR TO HAVE RECEIVED TU-22 SUPERSONIC

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MEDIUM BOMBERS AND ONE OF VERY FEW TO RECEIVE MIG-23S AND SU-20 FIGHTER BOMBERS. IT HAS ALSO RECEIVED SA-2, SA-3, AND SA-7 MISSILES.

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(C) LIKLIHOOD THAT ABRUPT CHANGE IN IRAQI OIL POLICY ON EXPLORATION AND PRODUCTION IN JUNE 1974 WAS RESULT OF SOVIET DISPLEASURE. CONTRACTS WERE VIRTUALLY CERTAIN TO HAVE BEEN AWARDED TO FRENCH-LED CONSORTIUM AND SOME AMERICAN COMPANIES (BAGHDAD 459).

(D) CONTINUAL STREAM OF HIGH LEVEL AND PARTY AND FRONT DELEGATIONS TO USSR, MOST RECENTLY THAT OF FORMER FORMIN TAQA WHICH APPEARS TO HAVE BEEN OCCASION FOR LAVISH PRAISE FROM MOSCOW RADIO (FBIS SEPT 23 PP F1 AND F2) LAUDING SOVIET-IRAQI RELATIONS AS "EXAMPLE OF COMPREHENSIVE COOPERATION OF WORLD SOCIALIST MOVEMENT AND NATIONAL LIBERATION MOVEMENT". OTHER RECENT VISITORS INCLUDED IRAQI CHIEF OF STAFF ABDUL JABBAR SHANSHAL (RECEIVED BY MARSHAL GRECHKO SEPTEMBER 26) AND BAATH PARTY DEL HEADED BY REGIONAL LEADERSHIP MEMBER ABDUL FATTAH YASSIN FOR 10 DAY VISIT AT INVITATION CENTRAL COMMITTEE OF CPSU.

(E) WILLINGNESS OF BAATH REGIME TO ALLOW COMMUNIST FRONT ORGANIZATION TO EXPLOIT IRAQ FOR THEIR OWN PURPOSE; RECENT CONFERENCE IN SUPPORT OF DPRK IN COOPERATION WITH AAPSO AND SCHEDULED INTERNATIONAL CONFERENCE ON OIL AND NATURAL RESOURCES TO BE HELD NOVEMBER 1-4 UNDER AUSPICES OF WORLD PEACE COUNCIL AND AAPSO.

5. DESPITE SOVIET EFFORTS AND IRAQI VULNERABILITY, THERE IS AMPLE EVIDENCE THAT REGIME IS DETERMINED TO PURSUE INDEPENDENT COURSE. IT IS INCREASINGLY ADOPTING RADICAL ARAB BRAND OF NON-ALIGNMENT THROUGH CONTINUING CONTACTS WITH ALGERIA AND YUGOSLAVIA.

WESTERN COMPANIES, PARTICULARLY FRENCH, CONTINUE TO WIN MAJOR CONTRACTS. YUGOSLAVIA HAS BEEN ASKED TO TAKE ON ONE BILLION DOLLAR AGRICULTURAL COMPLEX ALONG YUGOSLAV MODEL. IRAQI MILITARY BELIEVED TO BE STRONGLY NATIONALIST AND IS URGENTLY SEEKING MILITARY SUPPLIES AND TRAINING FROM FRENCH, BRITISH, DUTCH AND OTHER NON-

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SOVIET SOURCES. THESE IRAQI INITIATIVES ARE OF COURSE POSSIBLE BECAUSE OF EXPANDED OIL REVENUES. ANOTHER SIGN OF UNDERLYING BAATHI RESISTANCE TO SOVIET INFLUENCE IS CONTINUING VIGILANCE TOWARD ICP (BAGHDAD 718). IN RECENT DAYS ALGERIAN, YUGOSLAV AND EGYPTIAN AMBASSADORS HAVE ALL INDEPENDENTLY EXPRESSED TO ME THEIR SATISFACTION WITH DIRECTION OF IRAQI POLICY.

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6. CONCLUSION I DRAW FROM PRESENT STATE OF AFFAIRS IS THAT SOVIETS ARE MAKING VERY MAJOR BUT CAUSTIOUS EFFORTS THROUGH VARIETY OF OVERT AND COVERT MEANS TO REVERSE IRAQ'S DRIFT TOWARD REAL NON-ALIGNMENT. THEY APPEAR THUS FAR TO BE HAVING ONLY SLIGHT SUCCESS. WETHER THEY ARE MORE SUCCESSFUL IN FUTURE IS LIKELY TO BE DETERMINED BY OUTCOME OF KURDISH WAR AND CONFLICT WITH IRAN. ALGERIAN AMBASSADOR GOES SO FAR AS TO SAY IF BAATH CAN SUBDUE BARZANI IT WILL BE BEGINNING OF END FOR ICP AND MEANINGFUL SOVIET INFLUENCE IN IRAQ. FOR THE U.S., SOVIET SUCCESSES COULD MEAN SLOW DOWN IN BOOMING U.S. EXPORTS (120 MILLION DOLS FOR FIRST 8 MONTHS 1974) AND LIKHOOD THAT IRAQ DECISION TO NORMALIZE RELATIONS WOULD BE FURTHER DELAYED.

7. WOULD APPRECIATE EMBASSY MOSCOW COMMENTS.
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RELEASE

DOC_NBR= 74TABRIZ00025

FILM= D740269-1141

DATE= 25 SEP 74

TYPE= TE

FROM= TABRIZ

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

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EO= GS

SUBJECT= IRAN-IRAQ AND THE KURDISH WAR: ADDENDUM

REFERENCE= A-TABRIZ 20 B-TEHRAN 7512

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= ARMED FORCES, WAR, KURDS, REFUGEE RELIEF, MILITARY LOGISTICS

TAGS= SREF, MPOL, PFOR, PINT, IR, IZ

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ACTION NEA-16

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FM AMCONSUL TABRIZ

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INFO AMEMBASSY ANKARA

AMEMBASSY DAMASCUS

AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

AMCONSUL ADANA

AMCONSUL KHORRAMSHAHR

USCINCEUR VAIHINGEN GER

~~CONFIDENTIAL~~ TABRIZ 0025

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: SREF, MPOL, PFOR, PINT, IR, IZ

SUBJ: IRAN-IRAQ AND THE KURDISH WAR: ADDENDUM

REF: A-TABRIZ 20 B-TEHRAN 7512

SUMMARY: KURDISH REFUGEES CONTINUE MOVING INTO IRAN. IRANIAN FIGURES OF NEARLY 80,000 PLUS REFUGEES CAN NOW BE CONFIRMED. IRANIAN TROOPS DEPLOYED ON BORDER IN ESSENTIALLY DEFENSIVE FORMATION BUT OPTIONS REMAIN OPEN. FOLLOWING ARE DETAILS FROM BORDER TRIP SEPTEMBER 12 TO 20. END SUMMARY.

1. NEARLY 80,000 KURDISH REFUGEES ARE NOW IN IRAN. APPROXIMATELY 28,000 IN WEST AZERBAIJAN PROVINCE REPORTED REFTEL B. IN KURDISTAN PROVINCE 6,500 ARE LOCATED IN CAMP 35 KILOMETERS EAST OF

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MARIVAN ON ROAD TO SANANDAJ. THIS AREA EXTREMELY MOUNTAINOUS AND ON BASIS MY TOUR OF CAMP DO NOT BELIEVE THIS AREA COULD TAKE MANY MORE PEOPLE. CAMP ORDERLY AND RESEMBLES THOSE DESCRIBED REFTEL B. TWO THIRDS OF REFUGEES CHILDREN.

2. GOVERNOR-GENERAL OF KERMANSHAHAN PROVINCE, NORMALLY RELIABLE SOURCE, CLAIMS HIS PROVINCE NOW HOST TO 45,000 REFUGEES. THIS LARGE JUMP SINCE JUNE (TABRIZ 08) PARTIALLY CONFIRMED BY AMCIT ENGINEERS WORKING NEAR SANANDAJ WHO REPORT SEEING DAILY TRUCK CONVOYS MOVING REFUGEES IN DIRECTION KERMANSHAHAN DURING LAST MONTH OR MORE. I WITHDRAW SKEPTICISM ABOUT NUMBERS EXPRESSED REFTELS.

3. WINTER QUARTERS FOR KURDISTAN PROVINCE REFUGEES BEING BUILT ON MAIN SANANDAJ-KERMANSHAH ROAD ABOUT 15 KILOMETERS INSIDE KURDISTAN. WOULD ESTIMATE EIGHT TO TEN WEEKS NECESSARY TO FINISH BUILDINGS. CAMP APPEARS LARGE ENOUGH TO HOLD 10,000. ESTIMATE BASED ON COMPARISON WITH CAMPS SEEN REFTEL B. EIGHT WINTER CAMPS BEING BUILT KERMANSHAHAN PROVINCE. THESE, ACCORDING GOVGEN, ARE TO BE COMPLETE SMALL CITIES WHICH MAY SOMEDAY, HOPEFULLY, BE HANDED OVER TO IRANIAN FARMERS.

4. REFUGEES ENTERING MARIVAN AREA DIRECTLY FROM IRAQ INDICATING THIS PORTION OF BORDER NOT COMPLETELY CLOSED DESPITE PRESENCE OF IRAQI TROOPS OTHER SIDE. MY OBSERVATION AGREE WITH STATEMENT SAVAK CHIEF MARIVAN THAT NO, RPT NO, MAJOR SUPPLIES MOVING FROM THIS AREA TO BARZANI KURDS. NO REFUGEES REPORTED MOVING DIRECTLY INTO KERMANSHAHAN. THIS HORDE APPARENTLY MOSTLY TRUCKED DOWN FROM WEST AZERBAIJAN.

5. IRANIAN ARMY UNITS HAVE DEPLOYED ALONG BORDER. AT LEAST TWO BRIGADES OF 64TH INFANTRY DIVISION ARE IN AREA PIRANSHAH TO SOUTH OF SARDASHT. SELF-PROPELLED 155 AND 8 INCH GUNS NEAR BORDER AND HEAVY 175'S BASED 20 TO 25 KILOMETERS BACK FROM BORDER. TWO BATTALIONS OF EKELETAL 28TH DIVISION HAVE MOVED FROM SANANDAJ TO LINE PARALLEL WITH BORDER ABOUT 15 KILOMETERS EAST OF MARIVAN. DIVISION HAS ONLY TOWED 105 ARTILLERY. NOT CLEAR WHERE THIS IS. ONE BRIGADE OF 81ST ARMORED DIVISION ON ALERT AT CAMP AT SAR-E POL-E QOHAB. ONE BRIGADE DEPLOYED ALONG ROAD FROM THIS POINT TO QASR-E SHIRIN. THIRD BRIGADE IN RESERVE AT BISTUN WITH ONE BATTALION ALWAYS ON THIRTY MINUTE ALERT. ARMED AIRCRAFT FROM TABRIZ

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AND AIRBASE NEAR HAMADAN ARE FLYING REGULAR BORDER PATROLS.

6. REINFORCEMENTS POSSIBLY FROM 16TH DIVISION, HAVE APPARENTLY

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7. I FOUND NO EVIDENCE THAT IRANIAN ARMY UNITS HAVE BEEN INVOLVED IN CLASHES WITH IRAQIS OR HAVE FIRED INTO IRAQ. SPORADIC CLASHES REPORTED NEWSPAPER APPEAR TO BE BORNE BY GENDARMERIE AND RESISTANCE FORCES.

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DOC_NBR= 74TABRIZ00022

RELEASE

FILM= D740260-0444

DATE= 17 SEP 74

TYPE= TE

FROM= TABRIZ

DRAFTER= n/a

OFFICE= ACTION NEA

TO= STATE

CHANNEL= n/a

ORIGHAND= n/a

ORIGPHAND= n/a

ORIGCLASS=~~CONFIDENTIAL~~

ORIGPCLASS= n/a

EO= GS

SUBJECT= IRAQI KURDS REQUEST US DIPLOMATIC SUPPORT

REFERENCE= TABRIZ 0020

CONTROL_NBR= n/a

ENCLOSURE= n/a

LOCATOR= TEXT ON-LINE, ON MICROFILM

ERRORS= N/A

CONCEPTS= KURDS, RECOGNITION, SECESSION, POLITICAL PARTIES

TAGS= PFOR, PINS, PDIP, IR, IZ, US

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SS-20 USIA-15 IO-14 OMB-01 ACDA-19 SAM-01 SAJ-01

NIC-01 SR-02 ORM-03 MC-02 AID-20 DRC-01 /182 W
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FM AMCONSUL TABRIZ
TO SECSTATE WASHDC 94
INFO AMEMBASSY BEIRUT
AMEMBASSY ANKARA
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BEIRUT PASS BAGHDAD

E.O. 11652: GDS
TAGS: PFOR, IR, IZ
SUBJ: IRAQI KURDS REQUEST US DIPLOMATIC SUPPORT

REF: TABRIZ 0020

1. IRANIAN KURDISH LANDOWNER KNOWN TO CONSULATE SINCE MID-FIFTIES HAS APPROACHED US WITH ORAL REQUEST FROM "CENTRAL COMMITTEE OF THE KURDISH DEMOCRATIC PARTY" FOR US DIPLOMATIC SUPPORT. REQUEST DIFFERS FROM PREVIOUS ONES KNOWN TO US IN THAT IT DOES NOT ASK FOR MILITARY OR DIRECT POLITICAL SUPPORT BUT RATHER THAT USG ATTEMPT PERSUADE OTHER ARAB GOVERNMENTS, E.G. EGYPT, USE THEIR INFLUENCE CONVINCE IRAQ CEASE WAR AND NEGOTIATE WITH KDP IN GOOD FAITH. REQUEST STRESSED HUMANITARIAN ASPECTS OF WAR, REFUGEES, VILLAGES DESTROYED, AND LARGE NUMBERS CIVILIAN CASUALTIES. FACTS BASICALLY AS REPORTED REFTEL. ALSO, AS PER EARLIER REQUESTS ELSEWHERE,

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STRESSED ANTI-COMMUNIST CHARACTER OF WAR AS RECURRING THEME.

2. I GAVE STANDARD REPLY OF US NOT BECOMING INVOLVED INTERNAL AFFAIRS ANOTHER COUNTRY BUT AGREED PASS MESSAGE ON. REQUEST INSTRUCTIONS ON REPLY SINCE THIS REQUEST SLIGHTLY DIFFERENT FROM EARLIER ONES. THIS MAY BE ONE-TIME-ONLY THEME BUT IF IT IS PICKED UP BY PRESS OUR STANDARD NON-INTERFERENCE ARGUMENT WILL NOT STAND UP WELL IN PUBLIC TO REQUEST ON HUMANITARIAN GROUNDS AS WITNESS BOTH BIAFRA AND BURUNDI EPISODES.

3. EMBASSY COMMENT: EMBASSY CAIRO MAY WANT TO COMMENT BEFORE ANY RESPONSE PREPARED, IN VIEW CAIRO 5899. WE ARE UNABLE SAY HOW MUCH LEVERAGE EGYPTIANS HAVE WITH BAGHDAD EVEN ON "HUMANITARIAN" ISSUE. IRANIAN OFFICIALS SKEPTICAL OF ARAB INFLUENCE ON IRQA. NEVERTHELESS, IF DEPARTMENT BELIEVES WE SHOULD TAKE SOME AFFIRMATIVE STEP IN RESPONSE TO KDP INITIATIVE, BELIEVE WE SHOULD KEEP GOVERNMENT OF IRAN APPRISED OF WHAT WE INTEND TO DO. IN DOING SO, IT COULD BE PRESENTED AS METHOD OF TESTING QUALITY OF NEW FOUND EGYPTIAN-IRAQI FRIENDSHIP.
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ACTION: SECSTATE, WASHDC

INFO: AmEmbassy MOSCOW
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AmEmbassy BUCHAREST
AmEmbassy SOFIA
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PRAGUE 2033

SUBJECT: Dubcek on Moscow Talks

1. Dubcek has given account of his talks in Moscow
in form interview with Rude Pravo published today.

Following points worth noting:

A. Aim was to develop personal contacts; rumors and
conjectures from abroad about visit are "unfounded, if
not provocation. Someone obviously is interested in
creating atmosphere of doubt and distrust in our relations
with USSR."

Drafted by: POLEC:MGarrison:caf/5/7/68

Approving Officer: CHARGE:EWBurgess

Concurrence:

[Redacted]

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2.

B. Soviet friends listened with understanding to description of efforts further to develop socialist democracy and to strengthen authority of Communist Party as leading force. In spirit open discussion among equals, Soviet comrades expressed anxiety that democratization process should not be used against socialism. Since January CSCP has many times "stressed its disagreement with anti-Socialist excesses."

C. In connection ~~xx~~ discussion international situation and need strengthen unity of Communist movement in fight against imperialism, delegations discussed military cooperation within framework Warsaw Pact. As long as NATO exists, so will Warsaw Pact and "we shall do everything to strengthen it," including joint maneuvers.

D. Economic discussions concerned short-term cooperation to 1970, especially that which has bearing on question of cooperation after 1970. Czechoslovak side put forward number of suggestions for cooperating to assist structural changes in Czech economy. Soviet side will study proposals and give its opinion.

E. Official Czechoslovak Party, state and Government delegation will visit USSR in coming months further to discuss basic

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issues of mutual relations.

acknowledgment

2. Dubcek's candid/~~acknowledgment~~ that Soviets still concerned about Czech internal developments (apparently not having been mollified by Czech explanations at Dresden meeting), together with his indication that Czech request for assistance for economic reform has been taken under advisement by Soviets, seems to be clear intimation that Soviets are directly or indirectly linking these two matters. In connection Dubcek's comments about period after 1970, interesting that newspaper Prace Saturday in discussion current Czech oil talks with Iran asserted that Czech contract with USSR for oil deliveries for five-year period beginning 1971 provide for only one-fifth of Czech requirements.
3. Dubcek's comments about Warsaw Pact maneuvers presumably relate to earlier denial by DefMin Dzur of Western press report that Czechoslovakia had rejected Yakubovsky proposal to hold Warsaw Pact maneuvers in Czechoslovakia and Dzur's statement that Warsaw Pact staff exercise will be held in Czechoslovakia later this ~~year~~ year (DAO PRG 0200 May - NOTAL).
4. Embassy source says he understands Moscow session was "rough." Same source passed on story that Brezhnev was called

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4.

out of meeting with Dubcek to cope with problem raised by domestic opponents. Source unable say whether interruption related to Czech discussions or purely Soviet problem.

5. Press announcement on departure FonMinHajek for Moscow yesterday says he went for "short friendly visit." In talks first day Hajek said to have informed Gromyko about Czech foreign policy, efforts to expand bilateral relations with USSR, and views on European ~~and~~ problems.

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Drafted by:

Approving Officer:

Concurrence:

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SECNPOL4319 12/10/91 7-6813

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